reason

Free Minds and Free Markets / December 1982 /$2.00

ANNUAL BOOK ISSUE

Opportunity Knocks

Homes for The Hapless Without The Feds

Sex Wars

Speaking Of Racism

Mont Pelerin Meeting

0 74470 66770 12

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

LAISSEZ FAIRE BOOKS INC

Best Sellers

POLITICAL THEORY

Bastiat, **THE LAW**, $2.95
Clark, **A NEW BEGINNING**, $5.95
Machan (ed), **THE LIBERTARIAN READER**, $12.95/$27.50
Mencken, **A MENCKEN CHRESTOMATHY**, $7.95/$17.95
Mises, **LIBERALISM**, $4.95/$15.00
Morley (ed), **ESSAYS ON INDIVIDUALITY**, $3.50/$8
Nozick, **ANARCHY, STATE & UTOPIA**, $8.95
Paul (ed), **READING NOZICK**, $12.95/$27.50
Rothbard, **THE ETHICS OF LIBERTY**, $15.95
Rothbard, **FOR A NEW LIBERTY**, $6.95
Spencer, **THE MAN VERSUS THE STATE**, $6/$13
Sowell, **KNOWLEDGE AND DECISIONS**, $9.95/$21
Wortham, **THE OTHER SIDE OF RACISM**, $12.50

ECONOMICS

Ferrara, **SOC. SECURITY: AVERTING THE CRISIS**, $6.95
Friedman, **MONETARY HISTORY OF THE US**, $13.50
Hayek, **THE ROAD TO SERFDOM**, $4.95/$12.50
Hazlitt, **ECONOMICS IN ONE LESSON**, $5.95
Krauss, **DEVELOPMENT WITHOUT AID**, $17.95
Lepage, **TOMORROW CAPITALISM**, $14.95
Mises, **SOCIALISM**, $5/$11
Rothbard, **MAN, ECONOMY, AND STATE**, $10/$30
Rothbard, **POWER AND MARKET**, $4.95/$15
Sowell, **MARKETS & MINORITIES**, $7.95/$13.50
Sowell, **KNOWLEDGE & DECISIONS**, $9.95/$21
Wittfogel, **ORIENTAL DESPOTISM**, $8.95

HISTORY & FOREIGN POLICY

Bailyn, **IDEO. ORIGINS OF THE AMER. REVOL.**, $7.95
d'Encausse, **DECLINE OF AN EMPIRE**, $5.95/$12.95
Flynne, **AS WE GO MARCHING**, $3.45
Kolko, **TRIUMPH OF CONSERVATISM**, $8.95
Radosh, **PROPHETS ON THE RIGHT**, $5.95
Toland, **INFAMY: PEARL HARBOR & ITS AFTERMATH**, $17.95
Tolstoy, **STALIN'S SECRET WAR**, $18.50

PHILOSOPHY

Nisbet, **PREJUDICES**, $17.50
Nozick, **PHILOSOPHICAL EXPLANATIONS**, $25
Smith, **AETHEISM: THE CASE AGAINST GOD**, $7.95

PSYCHOLOGY

Branden, **THE ROMANTIC LOVE Q & A BOOK**, $11.95
Branden, **PSYCH. OF ROMANTIC LOVE**, $2.95/$10
Branden, **PSYCHOLOGY OF SELF ESTEEM**, $3.50
Breggin, **THE PSYCHOLOGY OF FREEDOM**, $10.95
Szasz, **LAW, LIBERTY, & PSYCHIATRY**, $4.95

OTHER

Holt, **TEACH YOUR OWN**, $8.95/$13.95
Pearson & Shaw, **LIFE EXTENSION**, $22.50
Poole, **CUTTING BACK CITY HALL**, $6.95/$12.50
Rand, **ATLAS SHRUGGED**, $4.95/$18.95
Rand, **CAPITALISM, THE UNKNOWN DEAL**, $2.95
Richards, **THE SCEPTICAL FEMINIST**, $9.50/$21.50
Rickenbacker (ed), **THE TWELVE YEAR SENTENCE**, $14.50
Schiff, **HOW ANYONE CAN STOP PAYING INCOME TAXES**, $10.95

paperback price/hardcover price

Recent Additions

THE STATE AGAINST BLACKS, By Walter E. Williams, hd, 160p $14.95. A distinguished black economist evaluates minimum wage laws, licensing, union policy, trucking, and other regulations as examples of systematic impeding of the advancement of outsiders and latecomers, a category that includes many blacks. Sees the government as a major perpetrator of racial exclusion. Views the free market as the destroyer of racial barriers and privilege.

PHILOSOPHY: WHO NEEDS IT? by Ayn Rand, hd, 256p, $15.95. The last work planned by Rand before her death. Taken largely from "The Ayn Rand Letter", none of these essays has been published before in book form. Rand teaches the reader how to identify the hidden philosophic premises at work in his own being and how to evaluate those premises as rational or irrational.

THE CASE FOR GOLD: A minority report of the U.S. Gold Commission by Rep. Ron Paul and Lewis Lehrman, pb, 270p, $8.95. Presents a powerful case for a gold standard. Documents the historical role gold has played and lays out a cogent, reasonable plan for returning it to its proper, crucial place in today's monetary system.

FREEDOM, FEMINISM, AND THE STATE, ed. by Wendy McElroy, qpb. 200p, $5.95. Collection of individualist, feminist writers in America from the 19th and 20th Centuries. Suzanne La Follette, Rose Wilder Lane, Voltairine de Cleyre, Emma Goldman and others.

SEX, DRUGS, DEATH, AND THE LAW, by David A.J. Richards, hd, 316p, $26.95. Well-reasoned presentation against victimless crime laws. Rejects utilitarian cases for freedom, and works squarely from the standpoint of individual rights. Bold and thorough, this is the best book on the subject.

INSTEAD OF REGULATION: Alternatives to Federal Regulatory Agencies, edited by Robert W. Poole, Jr., 404p, $12.95/$25.95. 13 scholars analyze the consequences of regulation and clearly demonstrate that market freedom would enhance productivity and efficiency and reduce prices. Covers the whole alphabet soup of agencies.

THE FREE MARKET CALENDAR FOR 1983. 11"x15" $5.95. Quotations on economic freedom and individual liberty by Hayek, Mises, Szasz, etc. To help you stay on schedule in the fight against the State.

ORDER FORM

ITEM	PRICE
SUBTOTAL	
N.Y. State residents add sales tax	
Shipping & Handling	$2.25
TOTAL:	

METHOD OF PAYMENT

☐ Check or Money Order ☐ MasterCard ☐ Visa

CARD NUMBER _____ EXPIRATION DATE _____

SIGNATURE _____

NAME _____

STREET _____

CITY/STATE _____ ZIP _____

PLEASE SEND YOUR ORDER TO:
LAISSEZ FAIRE BOOKS INC.
206 Mercer Street
NY, NY 10012
R-12

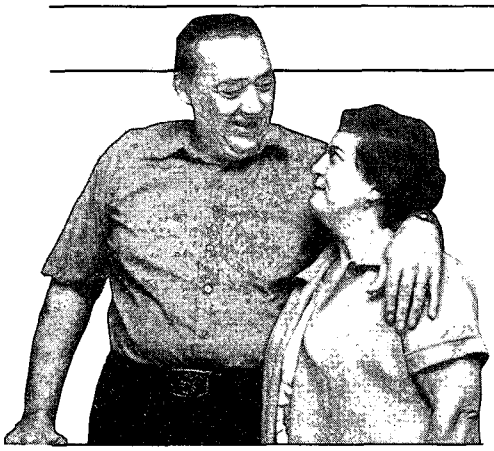
©Laissez Faire Books, Inc. 1982

DECEMBER 1982/VOL. 14, NO. 8

reason

Free Minds and Free Markets

FEATURES

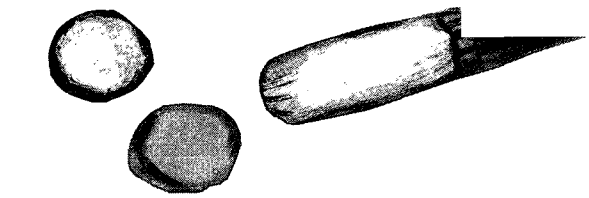


Ownership opportunity 23

SELF-HELP HOUSING
Neighborhood organizations all over the country are helping the disadvantaged, but usually their work is only known locally. REASON sent a reporter to check out one such group with a 10-year record of success in housing assistance for low-income families.
By Eric Martí **23**

THE FREE MARKETEERS
The Mont Pelerin Society carries on its tradition of debate and socializing among champions of the free market.
By John O'Sullivan **31**

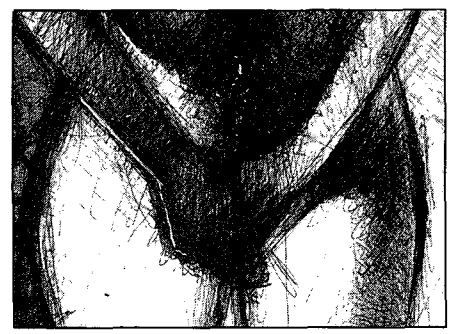
Not so black and white 33



USING "RACISM" WITH DISCRIMINATION
Could it be that we are often jumping to conclusions when we call actions racist? That's what a well-known economist charges in a chapter from his new book, The State Against Blacks.
By Walter Williams **33**

THE MISSIONARY'S POSITION ON SEX
The New Right wants to reform American society, and its leaders have found the key to mobilizing support.
By David Brudnoy **38**

SPECIAL ANNUAL BOOK SECTION
Science writer Lowell Ponte on Durk Pearson and Sandy Shaw's bestseller, Life Extension, *economist Paul Heyne on Henri Lepage's* Tomorrow, Capitalism, *free-lance writer Michael Grossberg on new-utopian science fiction, writer Jeff Riggenbach with a retrospective on* Atlas Shrugged *. . . plus more books, more subjects, and more reviewers* **43**



Hiding sex 38

DEPARTMENTS

EDITORIAL/Reclaiming Welfare **6**
VIEWPOINT/Any Way You Slice It **60**
HEALTH & WELFARE/Boosting Brain Power **62**
MONEY/Down on the Dow **64**
SPOTLIGHT/Space Saver **65**

NOTES **4**
LETTERS **8**
BRICKBATS **14**
TRENDS **16**
ARTS & LETTERS **66**
RUDEBARBS **72**

Cover illustration by Douglas Bevans

REASON (ISSN 0048-6906) is published monthly by the Reason Foundation, 1018 Garden St., Santa Barbara, CA 93101. Second class postage paid at Santa Barbara and additional mailing offices. **Postmaster:** send address changes to REASON, Box 28897, San Diego, CA 92128.

CORRESPONDENCE: Send *new subscriptions* and *address changes* (include address label and new address) to REASON, Box 28897, San Diego, CA 92128. (714) 485-6535. Allow six weeks. Send *manuscripts* (for return, include SASE), *letters*, and *classified ad orders* (with payment) to REASON, Box 40105, Santa Barbara, CA 93103. (805) 963-5993.

COPYRIGHT © 1982 by the Reason Foundation. All rights reserved. Reproduction or use, without permission, of editorial or graphic content is prohibited. Opinions expressed in signed articles and columns do not necessarily represent the views of the editors or of the trustees, officers, or advisory board of the Reason Foundation.

reason

Editor-in-Chief
Robert Poole, Jr.

Executive Editor
Marty Zupan

Art Director
Matthew Burbott

Assistant Editor
Paul Gordon

Senior Editors
Manuel S. Klausner, Tibor R. Machan

Book Review Editor
Lynn Scarlett

Contributing Editors
Tom Bethell, Bruce Bartlett, David Brudnoy, Joe Cobb, James Dale Davidson, Mark Frazier, John Hospers, Eric Mack, Henry G. Manne, William Marina, Lowell Ponte, Alan Reynolds, Murray Rothbard, Thomas Szasz

Foreign Correspondents
Prakash Aswani/*Middle East*, Bruce Evoy/*Canada*, Anne Brincker/*Denmark*, V. R. Forbes/*Australia*, Ole-Jacob Hoff/*Norway*, John-Henri Holmberg/*Sweden*, Hubert Jongen/*The Netherlands*, Riccardo La Conca/*Italy*, Henri Lepage/*France*, Leon M. Louw/*South Africa*, Guy de Maertelaere/*Belgium*, H. Joachim Maitre/*West Germany*, N. G. Molinelli/*Argentina*, Luis Reig/*Spain*, Eben Wilson/*England*

Departments
Steven K. Beckner/*Money*, David Brudnoy/*Theater*, Timothy Condon/*Taxes*, Patrick Cox/*Spotlight*, Mark Edward Crane/*Brickbats*, John Hospers/*Movies*, Randall K. Hylkema/*Rudebarbs*, Robert James Lee/*Washington Watch*, Richard Mitchell/*Language*, Durk Pearson and Sandy Shaw/*Health & Welfare*, Robert Poole, Jr., and Paul Gordon/*Trends*

Business Manager
Madelyn Romaszewski

Advertising Director
Robert Flickinger

Office Manager
Cathy Chmel

Staff
Elizabeth Anderson, Ashley Brooks, Jan Jurgensen, Gaye O'Callahan, Michele Segan

Typesetting
Jean Graphics

ADVERTISING: For display advertising contact Robert Flickinger, 1018 Garden St., Santa Barbara, CA 93101. (805) 963-5993. Spectrum Network Advertising (212) 838-4120. For classified ads, see Classified page, this issue.

SUBSCRIPTIONS: Subscribers are members of the Reason Foundation. Membership is $19.50 per year. Outside North America add $8/year for surface; $36/year airmail. Payment from Canada: US dollar postal money orders only. Send orders to REASON, Box 28897, San Diego, CA 92128.

BACK ISSUES: Obtain list from REASON Back Issues, Box 40105, Santa Barbara, CA 93103. Vols. 1-4 are available on microfilm from University of Southern California Library Micrographics Dept., University Park, Los Angeles, CA 90007. Vols. 5 and up are available from Xerox University Microfilms, 300 N. Zeeb Rd., Ann Arbor, MI 48106. Indexed in *America: History and Life; Historical Abstracts; Public Affairs Information Services Bulletin;* and *Public Issues Index.*

NOTEs

This issue is our 10th annual book review issue. Once a year we devote extra space to books, focusing on some of the year's most important volumes and also permitting space for one or more essay-reviews. I'd be interested in hearing what you think—both of this particular book review issue and of the idea in general.

I'm very pleased to announce that the Reason Foundation's *Instead of Regulation*, has just been issued in paperback. At $12.95, the paperback edition will reach a far wider audience than the $25.95 hardcover edition (already in its second printing). It's available from Lexington Books or directly from the Reason Foundation.

Incidentally, it was because of the book that I was asked to deliver a paper on alternatives to regulatory agencies at the American Political Science Association's annual meeting in September—which was generally well received. And the book continues to be reviewed, most recently in the *American Spectator.*

There are still repercussions from our exposé (Nov. 1979) of the uses of federal grant funds by Cesar Chavez's United Farmworkers union. The federal Department of Health and Human Services announced in September that unless the union returned $423,000 in grant funds improperly spent on the UFW credit union (one of the subjects of our article), another grant would not be extended.

Ideas from REASON continue to turn up in other media. Our August Trends column noted the growing success of commercial farming and ranching of wildlife, in several cases saving animals from extinction. What do we find as the lead story in the September 12 *New York Times Magazine* but (we blush) "Preservation for Profit," a sympathetic account of game ranching in Kenya. Also, for several years both Trends and feature articles have questioned the idea of monopoly mass transit agencies. Now along comes *National Journal* writer Neal Peirce with a September column denouncing transit monopolies and highlighting jitneys and other forms of free-enterprise urban transit.

Finally, just another modest "I told you so." We took some criticism for announcing the demise of the OPEC cartel in our June editorial. "Over the next few years," we wrote, "we'll observe their futile attempts to enforce production quotas as, one after another, the poorer governments resort to selling oil under the table." Exactly that has been happening; an attempt to set new OPEC quotas failed in July, and since then Iran and Venezuela have been exceeding theirs by large margins. Mexico will very likely follow suit. Saudi production has been slashed to 5.5 million barrels per day, down from the 7 to 10 mbd range of a year ago. See? The market *does* work.

On October 19 REASON author Jan Bellamy received her $2,000 prize for winning first place in the national magazines category of the John Hancock Awards for Excellence. The award was presented at a dinner at Seattle's Rainier Club, following a luncheon addressed by futurist Herman Kahn at the Four Seasons Olympic Hotel. The winning article was our October 1981 cover story, "Two Utilities Are Better Than One."

The Reason Foundation has added six new members to our Advisory Board. The six, all of whom we've worked with in the past, are former White House policy advisor Martin Anderson, political economist John Baden of the Center for Political Economy and Natural Resources, political scientist Robert Bish of the University of Victoria, enterprise zone expert Stuart Butler, former Council of Economic Advisers staff economist Steve Hanke, and Hoover Institution transportation expert Thomas Gale Moore. All six will be involved in brainstorming, writing, and conferences.

Publicity for REASON and the Reason Foundation continues. In September I did two radio talk shows, one (on KNUS in Denver) on transit deregulation and the other (on WIS in Orlando) on privatization of local services. The International Communications Agency is reprinting Tom Bethell's recent Viewpoint column, "Plumbing the Economy." And the *Journal of Civil Defense* has run a piece on our August cover story, "Don't Plan to Die," by Bruce Clayton. Finally, Hillsdale College has printed my speech "Rebuilding the Private Sector" as the September issue of *Imprimis.* Copies are available from the Reason Foundation.

—R. P.

THE SILVER BARON

***Bunker Hunt - The Incredible Story**
***Federal Reserve Conspiracy Exposed**
***Spectacular Profit Potential Outlined**
***Special Pre-Publication Offer**
***SAVE $12.00!**

Discover how you can take advantage of these never-before-published facts to turn $100 into $1,000...$1,000 into $10,000...or $10,000 into $100,000 in new profits -- *virtually overnight!*

IN 1979, Nelson Bunker Hunt made a serious mistake: He helped create a $40 rise in silver prices at a time when powerful bankers and international investor cartels wanted prices to fall...

The result? To destroy him, The Federal Reserve Board and the commodity exchanges conspired to induce a crash in silver prices...

The events that followed escalated into an all-out war between America's most powerful financial monopolies and the lone capitalist who dared challenge them...

NOW, HE'S BACK--with a proven plan to legally drive silver prices up more than ten-fold...a plan so fool-proof, professional silver analysts are predicting that those who learn about it now are virtually guaranteed 1,000% profits in coming months...

THIS IS HIS STORY.

The Silver Baron takes you behind the scenes of the biggest government-sponsored investment rip-off in U.S. history. This exciting documentary tears off the veil of "official" secrecy that still conceals the men who manipulate America's economy. And, it firmly establishes their guilt for intentionally wiping out thousands of small investors in the silver crash of 1980.

And there's more: You'll meet all the players behind the silver boom of 1979...and the crash of 1980:

- **THE ROTHSCHILD BANKING FAMILY:** Kingpins in an international banking empire--ruthless men who willfully crushed thousands in an undisguised attempt to amass spectacular silver profits.
- **PAUL VOLCKER:** Powerful Chairman of the Federal Reserve Board--a key in forcing the silver crash of 1980--and thereby scrupulously obeying the Rothschild order to "crush Hunt."
- **NELSON BUNKER HUNT:** One of America's wealthiest men--who now holds more than 63 million ounces of silver bullion...*and a plan to drive silver prices to over $100 per ounce!*
- **PRINCE ABDULLAH:** Third in line to the Saudi Arabian throne, principal partner in the massive price run-up of 1979, perhaps the biggest loser in the crash that followed.
- **ROBERT NAHAS:** A Brazilian entrepreneur, prominent member of the Conti Group who, with Hunt and others, virtually cornered the world silver market.

YOUR QUESTIONS ANSWERED!

In this rare, often shocking inside look at international financial intrigue, you'll find the answers:

- **What "secret" factors led to 1979's 500% silver price rise? When will those same factors again drive prices to new, all-time highs?**
- How did leading figures at the various commodity exchanges conspire to glean incredible profits of $25 million and more in just 48 hours?
- **Why did the Commodity Futures Trading Commission (CFTC) remain strangely quiet throughout the entire ordeal?**
- Why did one of the nation's largest, most reputable brokerage houses and several banks nearly go bankrupt in February and March, 1980?
- **What is the Hunt plan to drive silver prices up more than ten-fold in the near future? Why have leading investment analysts declared it both fool-proof and "...potentially the most profitable investment plan in a half-century."?**
- What is the best way to maximize your profits in the coming silver boom? Coins? Bullion? Futures? How can you bank literally thousands of dollars in new profits with little or no risk?

How to receive this profitable report absolutely FREE!

The Silver Baron is written by Dennis Paulaha, Ph.D., editor of one of the fastest-growing investment advisories in the nation. An average of 3,000 investors per month are discovering this aggressive, profitable service.

It's called The Money Advocate.

Twice each month, readers discover new profit opportunities in coins, bullion, real estate, collectibles and the stock and commodities markets.

There's more:

Tax shelters...Investment bargains...Profitable business ideas...Exclusive investment offerings...

In short, The Money Advocate's twice-monthly issues, twice weekly telephone updates, Special Investigative Reports, compelling guest interviews and proven, profitable track record mean you'll be where the action is--and discover how to reap significant profits in **any** market environment.

And now you can **SAVE 20%** on a subscription to **The Money Advocate** and receive a **FREE** copy of *The Silver Baron*--that's $35 in savings during this Special Introductory Offer!

☐ I enclose $12.95 for my copy of **The Silver Baron**
☐ I enclose $40 for a six-month subscription to **The Money Advocate** at a savings of 20% plus a copy of **The Silver Baron** absolutely free!

Please bill my ☐VISA ☐Master Card
Account # _____
Expires _____
Please Print:
Name _____
Address _____
City _____
State/ZIP _____

Your Satisfaction is Guaranteed:
If for any reason you are less than completely satisfied with either product, simply return for a **full refund.**

TOLL FREE (800) 528-0559
In Arizona CALL COLLECT (602) 252-4477
8:00 AM to 5:00 PM Mountain Standard Time
Monday through Friday

Mail to: **The Money Advocate**
Central Subscription Office
P.O. Box 39820
Phoenix, Arizona 85069

462

Marty Zupan

Reclaiming Welfare

How would the poor and the helpless be aided in a free society—a truly free society, in which individuals' right not to be interfered with in the pursuit of their own goals would be sacrosanct? In such a society, government would not take from you some of the fruits of your labor to assist me because I was hungry or unemployed or disabled. You might have a moral obligation to come to my aid, but the government, because of your rights, could have no political obligation and hence no legal right to enforce your responsibility by levying taxes and redistributing the proceeds. In such a society, then, help for the hapless would be up to free individuals and voluntary associations among them.

This answer, accustomed as we are to the idea of the welfare state, seems harsh in the extreme. But true advocates of a truly free society must bite this bullet. Let it be said, without trying to get off the hook, that defending this answer in a practical sense, by sketching the likelihoods and prospects, is impossible without first covering a lot of other territory: in such a society, there would be no "business welfare," either; we could reasonably expect an enormous outpouring of individual enterprise; and so on.

But what are we, as advocates of a free society, to make of the current debate about the capacity of philanthropy? Over the period 1981-84, the Reagan administration seeks a $115-billion reduction from previously projected outlays for federal social-welfare programs. President Reagan, whatever his critics may accuse him of, by no means espouses a dismantling of the welfare state. He has, however, accompanied the cuts with calls for "private-sector initiatives" and "a new spirit of voluntarism." But critics of the Reagan budgets say that nonprofit groups cannot possibly fill what has come to be called "the gap" or, more awesomely, "the $115-billion gap." And representatives of foundations, corporate philanthropy groups, and nonprofit social-service organizations scramble to outdo one another in the earnestness of their warnings that the government's apparent new-found faith in the private sector should not be overdone. Yet here we are, proposing that free individuals should not only make up for cutbacks but should reclaim the government's welfare function.

There's an insidious assumption that can make this position seem preposterous—an assumption central, for example, to the worry about "filling the gap." It is that each dollar cut from the federal budget must be replaced in the private-sector welfare world if people are to be adequately helped. If Reagan is cutting $115 billion, then corporations and foundations and individuals must come up with $115 billion more for nonprofit social-service providers, over and above their current contributions—$53.6 billion in 1981 for *all* charitable and educational nonprofit groups. The arithmetic seems painfully clear: it's highly unlikely.

But this is to assume that a dollar unspent by the federal government disappears into a black hole. In fact, it is a dollar left in someone's hands in the private sector. And every such dollar, whether it is saved or invested in plant and equipment, used to pay a worker or put toward a consumer purchase, directly or indirectly reduces the need for the very help seen to be in jeopardy. Not only that, but some portion of that dollar will in fact, on average, be donated to charity. Over the past decade, individuals (who account for 90 percent of donations) and corporations (5-6 percent) have aggregately devoted a steady percentage of their incomes to philanthropy.

There's another problem with the notion of dollar-for-dollar replacement—the idea that private groups, in their attempts to aid the disadvantaged, should be essentially replicating government efforts. This is to ignore the widespread recognition—across the political spectrum—that government welfare programs are massively inefficient and frequently create more welfare problems than they solve. People who have looked in detail at the provision of social-welfare services have found that the most effective help—getting to the people who need it, at low cost, and without fostering permanent dependence—is help provided on a small scale, on a small budget, by groups that, partly because they operate on a shoe-string, come up with innovative programs. Our cover story (see p. 23) details the workings of one such group in Pittsburgh.

In contrast, many have interpreted President Reagan's push for private initiatives to mean that American business should devote more profits to philanthropy. Even Reagan's Task Force on Private Sector Initiatives has joined the "5 percent club," urging that corporations increase their contributions from the current average of 1 percent of income to 5 percent. And Rep. David Durenberger (R-Minn.) warns that if the 1981 corporate tax breaks are not followed up with generous assistance, "the retribution against business will be swift, strong, and long-term."

Corporate philanthropy *is* one important source of help, and some firms are pioneering innovative solutions to problems that have defied government paternalism. Control Data (youth employment and inner-city revitalization) and Lincoln National Life Insurance (low-income housing) are but two examples. These programs are successful, however, precisely in their responsiveness to specific local needs met with as much dedication of time and energy as money. Jaw-boning corporations to willy-nilly fork over more profits is not the answer.

What "private-sector initiatives" should really be about is letting the private sector identify needs and figure out how to meet them—and giving the maximum freedom to do it. Robert Woodson of the National Center for Neighborhood Enterprise notes that the biggest problem facing neighborhood social-service groups is regulations and licensing requirements, usually from state and local governments. *This* is where arm-twisting from the feds might really pay off. Others worry about signs that the Reagan administration may tighten reporting rules and criteria governing contributions by foundations, reducing their flexibility to fund innovative new groups.

For too long we have gone along with the dogma that only educated experts and big bucks can aid the poor and the helpless. In this area, as in so many others, it's high time for a healthy dose of freedom all around.

Marty Zupan

Freedom

We expect it in America.
Freedom to choose the way we meet the challenges of life.
Freedom to compete, to risk, to fail, and to succeed.
No resource is more precious than freedom.
It enriches our personal lives and the lives of those around us.
Government can assure our personal freedom,
but it also can take freedom away.
If we let it.
Something to think about from the people at Getty.

Getty

Getty Oil Company • 3810 Wilshire Boulevard, Los Angeles, California 90010

Letters

Reading the Key

I was extremely disappointed with Mr. Blumenfeld's "The Victims of 'Dick and Jane' " (Oct.). I take issue with the one-sided condemnation of the whole-word method for three reasons.

First, there is a variety of learning styles, and no one method works for all learners; the key is individualized instruction. Obviously, a government school is not the likely place to find this kind of teaching.

Second, this article did not describe some of the absurdities possible using the phonics method. One publisher's series attempts to teach children to read words spelled phonetically; for example, *cow* would have to be learned as *kau.* Does this phonics approach really help one become literate?

Lastly, there *is* value in the whole-word method. The first word read by most children is their name, then perhaps the logo of a favorite toy or restaurant, a label on a food item or the sign on a restroom door. Having children choose first words they want to learn to read makes reading personally relevant and helps to overcome the intellectual growth problem of moving from a concrete world to one in which there are abstract concepts to be learned, like the ability to read. Read Sylvia Ashton-Warner's book, *Teacher,* for an accounting of her successful application of the whole-word method.

About 80 percent of the teachers I have worked with, no matter what their training, certification, basal series, or years of experience, teach reading phonetically—and most of their students don't read well or for enjoyment.

Mr. Blumenfeld's research on American illiteracy missed the most obvious factor of all: American children don't read well because most public schools discourage the reading of books, seldom provide free reading time, present reading as a decoding process and not as a means of enjoyment of literature, and spend taxpayers' money on new textbooks every two to four years instead of on story books and magazines for classrooms. . . . Dr. D. L. Edwards's reading "method" is worth mentioning here: 90 percent of the time is spent reading books, 10 percent for instruction. Your percentages might vary, but you get the idea: literate learners are *reading,* not learning how to read with basals and workbooks.

Karol Kennedy
Loveland, OH

Look, See How to Teach

The article "The Victims of 'Dick and Jane' " by Samuel Blumenfeld (Oct.) certainly points out the tragedy of the look-say method of teaching reading. It should be noted that the reasons why it doesn't work are that (1) it is against the nature of the methodology that the child's brain uses to learn such a complex task, and (2) it is against the nature of the English language.

As this observant parent knows, the child starts making phonetic sounds first, such as the sounds of various letters of the alphabet (their sounds, not their names). For example, we hear the phonetic sounds of *b, d, f, k, m, p, s, z,* and various vowel sounds, usually before the child is a year old. Then when the child tries to repeat our "whole words," at first all he is able to say is the first or the last sound of the word. For example, he says "roo" for *kangaroo* or "uck" for *truck* or "ba" for *bath.* Then and only then is the child able to put these sounds together to form complete words. . . .

As far as the English language, studies have shown that around 85 percent of the words we use follow phonetic rules for pronunciation. One study tested over 17,000 words. It would make sense, then, to use a method that would work for 85 percent of the words we normally encounter, and not one that is designed for the other 15 percent.

In view of this, any arguments given by proponents of look-say fall flat on their face due to the reality of how a child learns and the reality of the English language.

John H. Davis
Richardson, TX

Letters sent to REASON (Box 40105, Santa Barbara, CA 93103) will be considered for publication (unless otherwise noted) and may be subject to abridgement or editorial comment.

¡Speak Spanish like a diplomat!

What sort of people need to learn a foreign language as quickly and effectively as possible? *Foreign service personnel,* that's who. Members of America's diplomatic corps are assigned to U.S. embassies abroad, where they must be able to converse fluently in every situation.

Now you can learn to speak Spanish just as these diplomatic personnel do — with the Foreign Service Institute's Programmatic Spanish Course. You'll learn Latin American Spanish recorded by native speakers.

The U.S. Department of State has spent thousands of dollars developing this course. It's by far the most effective way to learn Spanish at your own convenience and at your own pace.

The course consists of a series of cassettes and accompanying textbook. Simply follow the spoken and written instructions, listening and repeating. By the end of the course, you'll be learning and speaking entirely in Spanish!

This course turns your cassette player into a "teaching machine." With its unique "programmatic" learning method, you set your own pace — testing yourself, correcting errors, reinforcing accurate responses.

The FSI's Programmatic Spanish Course comes in two volumes, each shipped in a handsome library binder. You may order one or both:

☐ **Volume I: Basic.** 12 cassettes (17 hr.), manual, and 464-p. text, $115.
☐ **Volume II: Intermediate.** 8 cassettes (11½ hr.), manual, and 614-p. text, $98.
(Conn. and N.Y. residents add sales tax)

TO ORDER BY PHONE, PLEASE CALL TOLL-FREE NUMBER: **1-800-243-1234.**

To order by mail, clip this ad and send with your name and address, and a check or money order — or charge to your credit card (AmEx, VISA, MasterCard, Diners) by enclosing card number, expiration date, and your signature.

The Foreign Service Institute's Spanish course is unconditionally guaranteed. Try it for three weeks. If you're not convinced it's the fastest, easiest, most painless way to learn Spanish, return it and we'll refund every penny you paid.

81 courses in 26 other languages also available. Write us for free catalog. Our 10th year.

Audio-Forum
Suite 21-B
On-the-Green,
Guilford, CT 06437
(203) 453-9794

AUDIO-FORUM®

All orders received by Dec. 13 will be delivered before the holidays!
Or visit our New York sales office: 145 E. 49th St., New York, N.Y. 10017 (212)753-1783

Freedom Help

As of August 20 we began to receive contributions for Radio Free Kabul (see Trends, Sept.), and with the August 27 mail the total has reached well over $300. This is a truly heartening response, and we want your readers to know that their valuable assistance will go to help RFK play a greater and more effective role in the great cause of regaining freedom for the people of Afghanistan....

Karen McKay
Committee for a Free Afghanistan
Washington, DC

Defending Innocents

In past issues, REASON has exhibited a flawed view on foreign policy and national defense. With Robert Poole's editorial "War and Morality" (Oct.), one can pinpoint the source of that flaw: the "Just War" theory. This theory states that "defensive force may be used against aggressors *even if* this force also inflicts losses on innocent bystanders." One can imagine a policeman, while in pursuit of a criminal who has ducked into a crowd of people, firing his gun into the crowd and then rationalize the resulting deaths by claiming the "Just War" theory.

Though one does have the right to self-defense, one can only use defensive force against the aggressor.... What is defensive force for if not to protect the rights of *all* innocent individuals? The "Just War" theory is therefore immoral and impractical because it does not accomplish the purpose it was designed for: protection of individual rights. If REASON wants to represent itself as an upholder of individual rights, then the "Just War" theory must rightfully be junked.

Bill Courtney
Austin, TX

Moral Strategy

I have just received the October issue and, as usual, I found it quite enjoyable. It is refreshing to read a magazine containing well-written and fact-filled articles instead of the kind of garbage that passes for "journalism" in such publications as *Time* and *Newsweek*.

I particularly enjoyed the editorial "War and Morality." It's nice to know that there is at least one person writing in a public forum who thought about the unfortunate events in Lebanon and made an effort to understand what was going on there before rushing into print with a condemnation of the Israelis. The Israelis certainly took greater pains to minimize collateral civilian casualties in Lebanon than the United States and Great Britain did in their bombing campaign against Germany in World War II.

I must disagree, however, on one point. Intercontinental ballistic missiles with large single warheads, such as the Soviet's SS-18, Mod 1, are more useful for destroying hard-point targets, such as

#1 NATIONAL BESTSELLER!

The book everyone is talking about. You can live longer now!

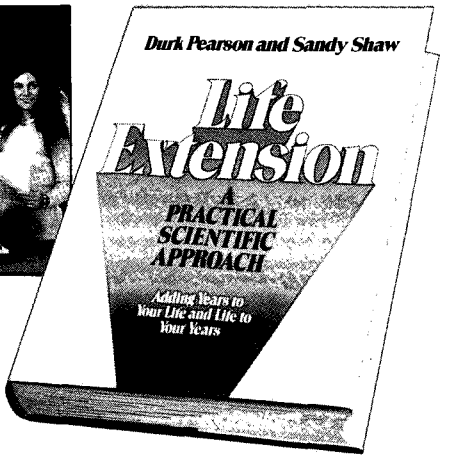
Life extension is a vital new science that is working to add years to the life and life to the years of people of all ages. Written for laypersons, scientists, and physicians by two research scientists who have been deeply involved in aging studies for over twelve years, *Life Extension* is an extraordinary book, one that provides answers to these questions and many others:

- ☐ What does aging really mean?
- ☐ Are you responsible for your own life span?
- ☐ What fundamental biological mechanisms cause aging?
- ☐ How can these aging mechanisms be retarded or reversed?
- ☐ What are the benefits and costs of aging intervention?
- ☐ Can nutrients reduce the risk of cancer, heart attack, and stroke?
- ☐ Can you reduce the risks of smoking and drinking without quitting?
- ☐ Can you be as lusty as you were in your twenties?
- ☐ Can you intensify and prolong your orgasms?
- ☐ Can you combat depression and helplessness with nutrients?
- ☐ Can nutrients improve learning, memory, and concentration?
- ☐ How is sleep affected by aging?
- ☐ How do you know which health experts and magazines to believe?

"...promises to be more than a book; it's the fountain of youth."
—The New York Times

After a dozen appearances on *The Merv Griffin Show*, co-author Durk Pearson has become the largest mail draw in the history of the program. One appearance drew over 100,000 responses.

7 Printings
300,000 Copies in Print


Durk Pearson and Sandy Shaw
Life Extension
A PRACTICAL SCIENTIFIC APPROACH
Adding Years to Your Life and Life to Your Years

Now at Your Bookstore

WARNER BOOKS
A Warner Communications Company

To order, send $23.50 (includes postage and handling) to: Dept. P.A.A. (R) 0-446-51272-9, Warner Books, 75 Rockefeller Plaza, New York, NY 10019. Check or money order only. Allow 4 to 6 weeks for delivery.

missile silos, than for trashing cities. When the target is a city, a large number of small warheads is a more effective method of attack....

I think Mr. Poole is quite correct in his assessment of what would constitute a morally sound strategic policy. A careful examination of the statistics of the missile forces currently deployed by the United States and the Soviet Union reveals that the Soviets appear to be following Poole's prescription while American forces seem to be configured for a mere vindictive slaughter of civilians. The policy of Mutual Assured Destruction is MAD indeed.

Charles H. Bell
Conley, GA

RAILROADS
THEIR RISE & FALL
A Personal Observation from a Libertarian
by Herbert E. Bixler
116 pages — No pictures — Send $7.95 to
Herbert E. Bixler
6 South Hill Road
Jaffrey Center, NH 03454

Blame Conservatives?

Regarding the article by Tibor Machan in the September issue, "Rent Control: Blame the Conservatives," conservatives deserve blame for plenty of our philosophical/legal problems, but rent control and zoning are certainly not among the areas where such blame can rightfully be attached. I know of no rational conservative supporters of rent control, and with respect to the zoning decision which Machan cites, which must be the case of the *Village of Euclid* v. *Ambler Realty Co.* (272 U.S. 365), the most conservative members of the Supreme Court—Justices Van Devanter, McReynolds, and Butler—all dissented....

Anthony R. Conte
City Councillor
Revere, MA

Mr. Machan replies: Mr. Conte does not come to grips with my point: conservatives established the legal efficacy of the concept of police power as employed by municipalities to encroach upon the right to private property. Zoning ordinances, blue laws, restrictive covenants (regarding public use of property), etc., serve as excellent precedents on which legally to base more recent leftist attempts to implement political control of private property.

It's Really Progressives

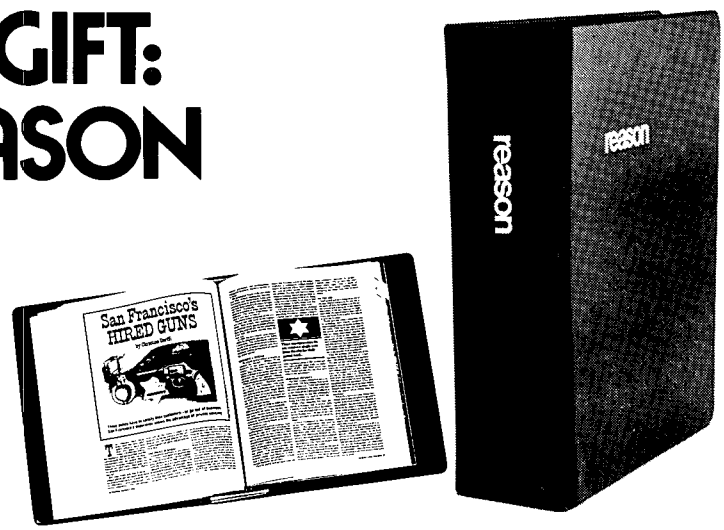
In answer to "Rent Control: Blame the Conservatives," it was not conservatives who passed the zoning laws, etc.; it was "progressives," the first of whom was Teddy Roosevelt. The progressives were every bit as socialist as what we now call the left. Taft was probably the last truly conservative president we have had, maybe Coolidge. If you remember your history, Roosevelt split the Republican Party in 1912 because Taft wasn't progressive enough, and Wilson got elected.

Franklin Roosevelt admired his cousin, Teddy, very much and patterned his presidency after him. Hoover wasn't a conservative. Many of the programs that

(Continued on p. 69)

A PERFECT GIFT: DELUXE REASON BINDERS

Specially designed binder holds a full 12 issues of REASON. Perfect for gifts — or for yourself. Place your order today!



Mail to: Reason Binders, Box 40105, Santa Barbara, CA 93103
Please send me ☐ Reason Binders @ $7.95 ea. ☐ 4 Binders for $30.00
(Postage and handling included. CA residents add 6% sales tax.
Orders outside U.S. add $1.50 per file for postage and handling.)
Payment must accompany order.
Name _____
Address _____
City _____ State _____ Zip _____

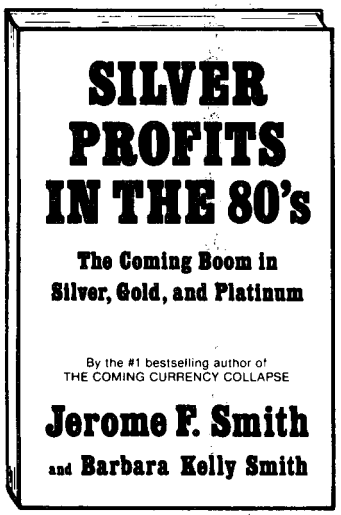
Your Second Chance to Make a Fortune in Silver

And Why Getting Rich Quick May be the Only Way You'll Get Rich!

Have you ever looked back and imagined what life would be like if you had gotten in on the ground floor of a historic investment move? *What if* you had invested in Silver, Gold or Platinum before they doubled in value, then redoubled and then redoubled again—all in a few years time?

Well—according to research economist Jerome Smith, you will have a chance to find out "what if". In his new book SILVER PROFITS IN THE 80's, Smith contends that there is now a unique, once-in-a-century opportunity to literally make a fortune in Silver, Gold and Platinum investments.

Hailed by thousands as the world's premier investment forecaster, Smith established a record of accuracy which overshadows many of the greatest legends of Wall Street and resulted in some of the most dramatic profits in the history of capitalism. Harry Browne, the well known and successful money expert says of Smith: "THE IMMENSE PROFITS MADE BY MYSELF AND (MY) READERS ...ARE DUE IN LARGE PART TO JEROME SMITH'S TRAILBLAZING."


SILVER PROFITS IN THE 80's
The Coming Boom in Silver, Gold, and Platinum
By the #1 bestselling author of THE COMING CURRENCY COLLAPSE
Jerome F. Smith
and Barbara Kelly Smith

SILVER PROFITS IN THE 80's is the most important "hard money" book to come out since 1970. It is not a general investment book—it is the definitive book on silver for the decade. Everything an investor needs to know about silver is here, and is designed for just one purpose—to help you make a literal fortune in silver in the coming years.

$16.95 Published by

BOOKS IN FOCUS Inc.

America's fastest growing publisher of books that matter.

THE NEW SILVER TYCOONS

Now, in the most important hard money book to come out since 1970, Smith says:

"There are four primary causes which produce investment profits. When on rare occasion two or more of them converge, there are very great profits. All four causes are now converging on Silver!"

"Based on supply/demand considerations...if present trends continue, producer supplies and consumer demands must be brought together by very high silver prices—well over $100 per ounce by 1985-86...There can remain little doubt that sometime in 1982 we will see the beginning of a major new multi-year rise in the price of Silver. From 1985 on, there will simply not be enough silver available at *any price* for present industry demands to continue."

Silver has moved from $1.29 up to over $50 per ounce in 1980 and is now around $7 an ounce. Real fortunes are going to be made by those who make intelligent use of the material presented in this book—they will be the new silver tycoons.

GETTING RICH QUICKLY MAY BE THE ONLY WAY YOU'LL GET RICH

If that sounds too aggressive, think for a moment—do you know anyone who got rich slow? The truth is that inflation, taxation, volatile markets and the domination of economic life by mega corporations, have eroded the American ideal of slowly but surely accumulating real wealth and today speculation is rewarded above production. Further, keeping one's nose to the grindstone can be dangerous—it can blind you to oncoming problems as well as to emerging opportunities to get rich quickly. We've all heard of the fellow who works too hard to ever make any money.

In the context of this book, "quickly" means 3 to 5 years, and "getting rich" means multiplying the *value* of your capital by 8 to 15 times. Once you have accumulated capital, there is no way to avoid speculating with it. Whether its in a bank, money market fund, stocks, or real estate, its at risk. What Smith does in SILVER PROFITS is show you how to make sure you have a potential for great profit, while limiting the risks as much as possible.

During times when speculation is the order of the day, the precious metals usually offer the best opportunities. However, experience shows that there will be big price swings...therefore, the time to implement your strategy of action is not when everyone else is interested, but during the "down periods" as at present.

SMITH'S REMARKABLE RECORD

Jerome Smith has established what is probably the best record of investment forecasting in existence:

- In 1967 when silver was $1.29 he predicted that its price would skyrocket.
- Smith recommended Gold at $42.50 in 1971 and again at $143 in 1977.
- In 1973 he predicted the oil embargo months before it happened.
- In 1977 he strongly recommended platinum at $147 just before it began its meteoric climb.

His predictions on Silver, Gold and Platinum turned out to be right, making fortunes for his clients and leading to the establishment of whole new investment industries. As founder of the highly respected World Market Perspective Newsletter, Smith's following in the investment world is immense. In 1980 his last book THE COMING CURRENCY COLLAPSE quickly became a #1 national bestseller. In 1972, he privately published Silver Profits in the 70's which over 70,000 investors grabbed up. Later the Hunt brothers admitted in congressional testimony that reading the book started them on their silver buying programs.

Can you afford to ignore Smith's advice now, as he issues the strongest recommendation of his career?

Why Not One Person In A Hundred Will Do It- *but* -How, When and Where *You* Can

Although everyone knows that spotting a new trend and taking action can lead to great riches quickly, surprisingly few persons seriously seek out such situations ("It's immoral to make money that fast!"). Fewer still can recognize them when they see them (It's too good to be true!") and only a handful ever bring themselves to act (I'll wait and see!").

Most investors fall into the trap of getting excited about investments at the wrong time. They get "buying fever" after investments have been making headlines, and the far sighted have already reaped fortunes in them. As Smith says: "Most investors will not trust their own minds. They are incapable of buying unless they see a bandwagon already in progress. Consequently, they always buy after most of the price movement has taken place."

These are the problems Jerome F. Smith addresses in SILVER PROFITS IN THE 80's. He focuses on the fundamental picture of where silver is going; helps you overcome the psychological barriers to taking advantage of it, and shows you exactly what to do now.

SILVER PROFITS IN THE 80's will add to your profits for years to come! In refreshingly plain language, Smith explains:

*Why silver prices should begin a major multi-year rise in 1982
*Why silver should be over $100 per ounce by 1985 (its about $7 now)
*The four primary bullish forces converging on silver now
*Why in our lifetime silver could become more valuable than gold—as it was in periods of the past
*Why silver production depends more on copper and zinc prices
*How one year of wartime use wipes out all silver reserves
*A complete history with over 37 charts and tables covering all aspects of silver.
*Plus major sections on Gold and Platinum focusing on supply/demand trends and price outlooks.

Then Smith gets specific on:

*How much
*Where
*When, and
*How

to invest in

*Coinage *Mining stocks
*Bullion *Future contracts

and he describes what he calls a "super-safe silver treatment"—an overlooked investment which he considers one of the best and safest ways to get in on the silver boom.

Jerome Smith has helped many to riches by foreseeing historic opportunities, figuring out how to benefit from them, and convincing his clients to act—not with pipedreams or pie in the sky, but with easily implemented practical solutions.

If you sincerely want to be rich—you have a real chance with SILVER PROFITS IN THE 80's. Get your copy today!

THE MONEY EXPERTS PRAISE SMITH'S FORESIGHT

"I recommend this book wholeheartedly to every serious investor"
Louis E. Carabini, President of Monex International

"During his 13 years as an investment counselor and publisher of World Market Perspective, Smith has demonstrated remarkable forecasting skills"
Dan Dorfman, Chicago Tribune News Syndicate

"If Mr. Smith's predictions are correct (and his forecasting record demands that we pay heed) silver...may be the best single investment opportunity any of us, may ever be faced with."
Jim Cook, President, Investment Rarities, Inc.

Books in Focus, Inc.
160 East 38 St.
Suite 31B
New York, N.Y. 10016

Phone Orders
(212) 490-0334

MONEY BACK GUARANTEE
If for any reason you are not completely satisfied with this book, simply return it; your check will be refunded by Books in Focus.

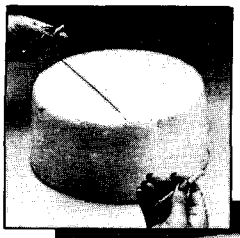
Please send me _____ copies of SILVER PROFITS IN THE 80's at $16.95 each (please add sales tax and $1.25 for postage and handling).

NAME _____ ☐ Payment Enclosed
ADDRESS _____ ☐ Visa ☐ Master Charge
CITY _____ Card No. _____
STATE _____ Expires _____

ADVERTISEMENT

TOOLS FOR LIVING™

Big Wheels



It takes 100 lbs. of whole milk to make 10 lbs. of cheddar cheese. But a great cheddar requires 3 special milk characteristics. First, through breeding and herd management, the farmer must be less interested in volume than in producing high-protein milk, for this is what makes the cheese age well. Second, to give the cheese proper character, the cows must be fed on fresh grass, hay and corn, not just silage or a commercial mash. Third, the milk must be of such quality it can be used in an unpasteurized state. Heating the milk to 162° for 16 seconds, as required for pasteurization, kills many of the good bacteria that help produce a rich flavor as the cheese ages, resulting in a boring cheese. The best cheddar we've ever tasted comes from a 50-year-old Vermont cooperative of 525 hillside farms where all these special milk qualities are present. Now we've arranged to make wheels of their exceptional cheese available *direct from the creamery to you* through *Tools for Living.* As a bonus, we are including a free cheesecutting wire imported from England with each cheese. This is the classic smooth natural white cheddar, no coloring added. Where supermarket cheeses are seldon aged more than 5 months, these mellow flavored cheeses are aged 8-12 months (for sharp) and 14-24 months (for extra sharp). The wheels are available in 12-lb. or 38-lb. sizes, each encased in wax and store indefinitely under refrigeration. The size offers a considerable price advantage—up to $1.25 less *per pound* than what you pay in a gourmet cheese shop. But we especially like the neighborliness of these large sizes – perfect for a large party or for several families to buy together and then share. The 38-lb. cheese comes in a handmade wooden box. The 12-lb. cheddar costs **$55.00** ($8.95) #A610 for sharp or **$58.00** ($8.95) #A611 for extra sharp. The 38-lb. boxed wheel is **$160.00** ($14.95) #A612 for sharp or **$170.00** ($14.95) #A613 for extra sharp. These cheeses also make splendid outsized gifts.

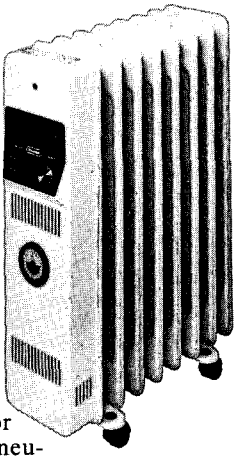
A Better Way To Boil Water

You still need heat, there is no way around that. But the Russell Hobbs automatic kettle supplies the heat in a clearly superior way. The large heating element brings 2 quarts of water to a full boil in a matter of minutes. When the water boils, the kettle shuts off automatically. Energy use is minimized. This kettle is made in England, with the benefit of British attention to detail—and long experience with teakettles. All the nice touches are here: a top that vents steam away from the handle, a lid that doesn't tipple as you pour, a wide-mouth top for easy cleaning, a nickel-coated heating element that resists mineral build-up, a safety switch to prevent damage if the kettle is switched on empty. We think it is worth every penny of **$59.00**($5.95) #A500. Quality pays in dollars and sense – you get long life (1-yr. guarantee), energy efficiency and safety (cannot boil dry). The kettle is available in polished stainless steel with white fitments.

Attract Dust Like A Magnet!

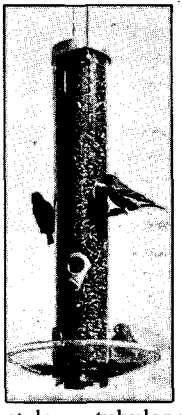
If we ever compile a book on *The Old Ways That Were Better Ways,* we will certainly include a chapter on the lambswool duster. This remarkable implement originated, the best we can tell, in 19th-century England where it quickly put the feather-duster to shame. On its own it actually attracts and holds dust like a magnet. The static charge in the lambswool causes dust literally to leap off surfaces where it has accumulated, making this just the thing for dusting bric-a-brac, china, crystal, pictures and other fragile items. When soiled, just wash it in warm soapy water. We are happy to offer a 20″ long authentic lambswool duster for **$8.00** ($1.95) #A163.

Space-Age Space Heater

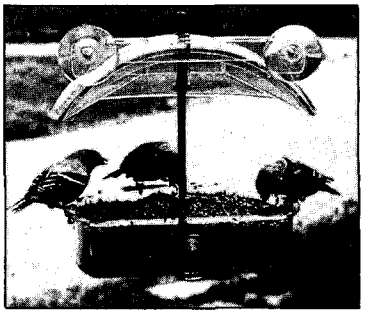


Here is a heater with the sophistication to automatically start warming your bedroom or bathroom before you get up! The secret is the *built-in timer—it lets you program this portable heater to go on and off in 15 minute intervals day or night.* It's filled with a special diathermic oil that never needs replacing. It has three heat settings (600w, 900w and 1,500w) and provides a maximum of 5,100 BTUs. A built-in thermostat responds to room temperature, but this DeLonghi heater never gets dangerously hot, making it perfect for a child's bedroom or playroom. This unit has easy-roll wheels for portability and all-steel construction in a neutral oyster color. It's 18″x8″x25″, weighs 38 lbs. and is UL listed. *This model with automatic timer is not generally available in stores* and costs **$150.00** ($12.95) #A485. This model without the timer is available for **$140.00** ($12.95) #A487.

For The Birds



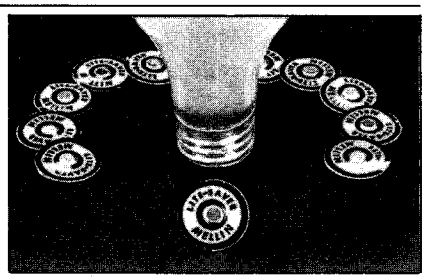
Feeding birds through the winter is about the simplest, cheapest, most satisfying, entertaining and educational way of getting closer to nature. It quickly becomes a permanent habit. If you do not want to go to the trouble of making your own feeders, we heartily recommend those produced by a small family firm in Foster, Rhode Island, called Droll Yankees Inc. These are the Mercedes-Benzes of bird feeders, designed to satisfy the feeding habits of their clients and made of Lexan, the nearly indestructible clear plastic, to stand up to the worst the weather (or squirrels) can dish out. The feeders are guaranteed for 3 years and replacement parts (as well as sympathetic counsel) are available by mail. The feeders come in two styles: a tubular perch feeder, above, holds 1 quart of seed, can be hung or post-mounted, comes with a seed tray underneath to catch spillage, and costs **$26.00** ($2.95) #A618; a window feeder, at right, mounts on sill, frame or window glass, holds 1 pint of seed and costs **$22.00** ($2.95) #A619. These feeders will last for many seasons, pleasing you as well as the birds.



Teach Your Walkman™ To Speak

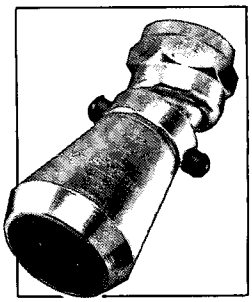
Personal walk-around stereos have changed the listening habits of over 5 million Americans in the past few years. Now microFIDELITY has taken the same concept of micro-technology that produced the personal stereo cassette and FM stereo players and applied it to the new MI-FI MFS-6300 micro loudspeakers. They plug into any 120V AC receptacle and turn your walkaround into a total miniature component system that delivers exceptional sound anywhere without headphones! Each speaker has a built-in 3½ watt microchip amplifier. This extra boost in power combined with the "state-of-the-art" polymer-impregnated long fiber diaphragms produces a staggering amount of true amplified stereo sound from a remarkably small source. The speakers, just a little larger than a tennis ball, have a frequency response of 200-20,000Hz. They plug into any personal stereo cassette or FM stereo player and are provided with an integral protection circuit as well as an additional non-amplified input so you can use them with your home system. Maximum power handling is 20 watts per channel through the non-amplified section. **$99.00** ($10.00) #A555. If you don't already own a walkaround cassette player but would like a truly portable stereo system we can send you the MFS-6300 speakers and a MI-FI cassette player all packaged in a high quality nylon carrying case. The cassette player operates on 3 AA batteries (included) and comes with superlight open-air type headphones. **$225.00** ($10.00) #A556. On our player or yours the MFS-6300 speakers deliver you into a new world of acoustic possibility. They make any walkaround player a runaway favorite.

Lite Savers

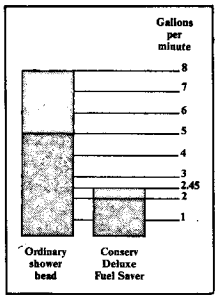


If you're tired of climbing ladders and getting into precarious (often dangerous) positions to change an out of the way light bulb then you should know about Mellin Lite-Savers. Adhered to the base of any *one way* bulb the Lite-Savers can extend bulb life from 50 to 100 times! Just think of the money saved in light bulbs! Most bulbs have a rated life of 750 hours or 32 days if used continuously. With Lite-Savers your bulbs will burn up to 75,000 hours or about eight years if used 24 hours a day. They're ideal for hallways, staircases, or anyplace where replacing light bulbs is a time consuming nuisance. You'll notice that Lite-Savers reduce light output so you may want to increase bulb wattage. They're safe, dependable and install quickly and easily with any one way bulb. The manufacturer offers a limited eight year warranty. We offer the Lite-Savers in a package of 12 for **$27.00** ($2.95) #A549 or 24 for **$49.00** ($3.95) #A642.

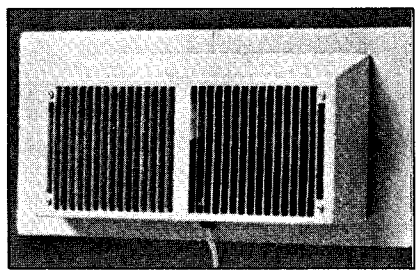
Savings In The Shower



This finely crafted shower head called the Deluxe Fuel Saver and manufactured by Con-Serv, cuts the use of water—hot water—in the shower from 5 or 8 to 2.45 gallons per minute. With the conventional shower head, the average family of four uses 300 to 400 gallons of water—much of it heated—everyday. According to U.S. Department of Energy figures, with the Deluxe Fuel Saver that same family uses 70% less water in the shower and realizes a savings of between $150 and $350 depending on the utility rates. Although the amount of water is significantly reduced, it is aerated and accelerated—utilizing the Venturi principle—for an invigorating shower. The Deluxe Fuel Saver also offers a "trickle valve" that allows you to stop water flow while soaping up. Made of chrome-plated solid brass, the Deluxe Fuel Saver is accompanied by a one-year limited warranty. It installs easily over the standard ½" shower arm with pliers or a wrench—no plumber is needed. We offer the Con-Serv Deluxe Fuel Saver for **$16.00** ($2.95) #A351.



Register Fan And Sealers



Every hot air heating system has at least one or two. Cold spots, that is—places that for some reason never quite get up to temperature. Often it is the rooms furthest from the furnace, an unusually large room, or rooms in a later addition. This booster fan (actually it is two small 4" fans running together) fits right in the register outlet, sucks heat up the duct and pushes it out into the room. A heat sensor in the switch turns the fan on automatically as the heat comes up (there is also a manual control, which means you can use it in the summer to move the cool air off the floor and up into the room). The fan fits all registers up to 6"x14" and plugs into any electrical outlet. It comes with 9' of cord. The register fans cost **$40.00** ($3.95) #A536.

Magnetic Register Sealers prevent loss of warm or cool air through unused outlets. Sealer kits require a ruler and scissors to install initially, after that they can be removed or replaced in a moment. Material for three 6"x14" register covers costs **$12.00** ($1.95) #A539.

ORDERING INSTRUCTIONS AND GUARANTEE: We ship via United Parcel Service wherever possible to insure prompt delivery. The cost of each item is shown followed by its shipping and handling charges in ( ). Be sure to add the cost **plus** shipping and handling charges for each item ordered to arrive at the **total price** of each item. If you are not satisfied for any reason, return the article to us within 30 days, and we'll exchange it or refund the cost, per your instructions.

TOOLS FOR LIVING
Dept. RSPO2; 400 S. Dean St.; Englewood, NJ 07631

Send to (PLEASE PRINT) _____

Address _____

City _____ State _____ ZIP _____

Enclosed is a check or money order for $_____ payable to **TOOLS FOR LIVING.**

We honor ☐ MasterCard ☐ VISA Expiration Date _____

Account # _____

(All digits) | | | | | | | | | | | | | | | | |

Signature _____

(Signature is required on all credit card orders.)

© ISP Inc. 1982

FOR FASTEST SERVICE ON CREDIT CARD ORDERS CALL 800-228-5505, TOLL FREE 24 HOURS A DAY.

Item No.	Qty.	Description/ Color	Item Price	Shpg. & Hndlg.	Total Price

(Sorry, we cannot handle Canadian, foreign or C.O.D. orders.)
Please allow 30 days for delivery from our receipt of your order.

Total Amount

brickbats

Welfare families are trapped in poverty by the uncaring Reagan administration's tight-fistedness...or so they say. But think of Alberta Kidd, a mother of six who hit one of the biggest slot-machine payoffs in history—$919,559. For the past year, Mrs. Kidd and the six little kidds subsisted—just barely, of course—on welfare. Now who would begrudge Mrs. Kidd her good fortune? But where does a welfare mother get the loot to bundle herself, two children, and a friend off to Atlantic City for a weekend of gambling? Can you imagine what would happen if Congress didn't restore some of Ronnie's draconian budget cuts? Alberta might not have had the money—*our money!!*—to gamble with.

No wonder the Social Security system is gasping its last breaths. It took Robert Harwell more than a year to get the bureaucrats and their intransigent computers to take back $20,000 that didn't belong to him. The Alabama native kept receiving disability benefit checks at the rate of $1,000 a month after he was no longer eligible. Harwell tried to return the money, but after months of filling out forms, all the civil servants did was say they couldn't figure out which office to send him to. His congressman finally intervened on his behalf, and Social Security grudgingly took its money back. "I thought I'd just have to tell them to come and get it, but it didn't work like that," Harwell said.

Isn't life just ducky now that Reagan and his team have taken an axe to the federal budget and slashed the expense accounts of high-level bureaucrats? Just ask high-flyer Reagan-appointee Lynn Helms, the top man at the Federal Aviation Administration. Helms spent $417,000 in federal funds last year toodling around the country in a government jet when he could have taken readily available commercial flights at a cost of $13,000, according to the Government Accounting Office. Another example of so-called fiscal conservatism: the Department of Transportation spent $61,000 flying an official to a Paris air show. A commercial flight would have cost $1,500. Rhetoric is rhetoric, and a freebie is a freebie is a freebie.

Att. Gen. William French Smith reached out and touched some of his employees—and the phone company got $30,000 richer. Smith, FBI Director William Webster, and department attorneys in six southern states had a nice two-hour chat in the most expensive conference call in department history. What's even more appalling is that the call wasn't secure and discussions presumably could have been picked up by non-Justice listeners. It would have cost one-third as much money to have flown the southern attorneys to Washington and back. But who's counting?

Oops! The secret formula for a highly profitable weedkiller was given to a rival company in an "honest mistake" by an employee of the Environmental Protection Agency. The trade secret for Roundup, the largest-selling herbicide in the world, was inadvertently disclosed last May to a Washington lawyer in response to a Freedom of Information request, according to the Monsanto Company, which makes the herbicide. Monsanto sued the EPA for releasing the formula but dropped the suit after the agency apologized and said it would never do it again.

A judge has sentenced John Thomas Harmon to 20 years in prison for the crime of biting and kissing the derriere of women he doesn't know. The Atlanta resident is awaiting trial on another charge of simple battery for allegedly kissing the rump of a woman last March as she walked in front of a downtown office complex. "This is a pitiful case," said Judge Hilton Fuller in passing the sentence with teeth in it. So John Thomas Harmon has 20 years to think it over while Abbie Hoffman remains free to torment Phil Donahue. Where's the justice?

Unemployment may not be so bad after all. It sure beats picking apples for a living. When the Vermont state employment agency asked 10,000 unemployed people if they were interested in some temporary harvest work, fewer than 400 said yes. In what has become an annual ritual, the apple growers ask permission to bring in foreign workers because there aren't enough Vermont pickers. The US Labor Department requires that growers try to find domestic help first. So this year, just like every year, the Vermont Job Service tries and fails to fill the spots. The months of going through the motions only serves to prevent hundreds of legal aliens who want to work from doing so. What if they had a harvest and nobody came?

—MARK EDWARD CRANE

"SURE, REGISTRATION IS AN INTRUSION, BUT IT'S ONLY IN CASE THE U.S. HAS TO BE DEFENDED...."

TOP RATED MARKET ADVISOR/ECONOMIST R.E. McMASTER WARNS:

"Few investors profit from a tidal wave of bankruptcies and panics. Are you making the 2 fatal mistakes that will make you a victim instead of a winner?

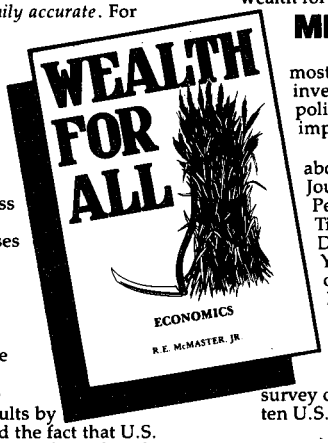
"It's not easy to make money in today's investing minefield. And it's never been more difficult to keep. Bankruptcies are exploding. There's taxes, market manipulations and a myriad of other profit-robbing forces, seemingly beyond your control.

"But these forces are *not* beyond your control. You can win consistently if you understand the two fatal mistakes that cause you to lose your money all too often."

SOLUTIONS YOU NEED

R.E. McMaster, Jr. is one of the nation's top market advisors/economists. His unique advice is sought after by the most wealthy and powerful individuals from the White House to the Middle East. His predictions over the last four years have been *uncannily accurate*. For instance:

- He correctly predicted the Reagan "recession" months in advance ...and gave the Administration warning on the exact date it started and how it would cripple the Republicans;
- He correctly predicted mass bankruptcies for banks, farmers and new businesses in 1981-82 (the highest in U.S. history);
- He correctly predicted the false "recovery" of early 1982, and described why widespread debt would be the prime culprit;
- He correctly predicted the current massive loan defaults by Third World nations...and the fact that U.S. taxpayers would be *forced* to pick up the tab.



As one newspaper reported last November, "During the past year, McMaster has correctly forecast the major bear market in commodities...collapse of the real estate and automobile markets...turning points for gold... Two copies of his newsletter are sent to the White House weekly at the request of the White House staff."

WHY YOU LOSE MONEY

In his newest 300-page hardback book, WEALTH FOR ALL: ECONOMICS, R. E. McMaster predicts the worst financial disaster in our history. He describes the crucial steps you must start taking immediately to save your financial skin. And, he also lays out how we can get out of this financial crisis.

According to McMaster...

Mistake #1: "Most investors don't understand market economics and how government and large institutions are working against them."

For the first time ever in one book, you will be privy to the insights of an insider on how the politicians and large institutions damage your investments.

You'll discover:

- The true nature and methods of the political and economic power plays which hurt investors like you.
- How to read behind the lines in news items.
- Four things you must do to protect your current assets now.

Mistake #2: According to McMaster, "The second mistake is a misunderstanding of how all other areas of life impact market economics and your investments. Let's face it. In today's complex world, politics, economics, social issues and investing are all interrelated."

You'll learn:

- The signal that will announce the exact timing—weeks in advance—of a public vote of non-confidence, leading to the final money panic!
- Steps that *must* be taken now to put America back on its feet.
- A personal economic plan you can implement right away that will generate increasing wealth for you and your family.

MEET THE AUTHOR

R. E. McMaster is one of today's most widely recognized authorities on investment economics, including their political, social and military implications.

He's been featured, talked about or quoted in The Wall Street Journal, Commodities Magazine, Personal Finance, Changing Times, Dow Theory Letter, and Defense and Foreign Affairs Digest. You may have seen his appearances on NBC and the Financial News Network.

His newsletter, THE REAPER, was voted "Most Valuable" and "Read by More Brokers" in a 1981 nationwide survey of 135 successful brokers in the top ten U.S. investment firms.

WHAT THEY'RE SAYING

"You are still the best in the business."
—Howard Ruff
August 2, 1982

"Your Economic Manifesto, WEALTH FOR ALL, is absolutely superb. One is as impressed with the depth, clarity and objectiveness of the thought, as with the synthesis."
—T.K. Campbell
Kihei, Maui, Hawaii

"Personally, I always learn something from this brilliant fellow's writing."
—Richard Russell
Dow Theory Letters

"You're one of the best!"
—James U. Blanchard, III,
Editor Gold Newsletter

"McMaster is the premier advisor in our field."
—Gary Halbert, Editor
Hedging Update

NO RISK, MONEY-BACK GUARANTEE

If you are not completely satisfied, return WEALTH FOR ALL undamaged, in its original carton, within 30 days for a full refund.

CREDIT CARD HOLDERS

For immediate service, use your VISA or MasterCard and order TOLL FREE
1-(800)-228-2028 ext. 584.
Nebraska please call 1-(800)-642-8300 ext. 584.

05-4

Clip & mail TODAY to: **A.N. Publishing**
P.O. Box 67, Whitefish, MT 59937

YES! I want the vital economic and investing understanding necessary to be productive and prosperous in these difficult times. Send me ____ copies of WEALTH FOR ALL: ECONOMICS at $14.95 each, plus $1.00 for postage and handling, so I'll know what I must do now!

Make checks or money orders payable to:
WEALTH FOR ALL

Enclosed is my check or money order for $ ____
Please charge to my credit card ☐ VISA ☐ MasterCard

Credit Card # ____ Expires ____

Signature ____

NAME ____

ADDRESS ____

CITY ____ STATE ____ ZIP ____

TRENDS

FOWLER THE LEADER

If there were a Nobel Prize for government agencies that reduce their own powers, this year's award would have to go to the Federal Communications Commission. Under the leadership of chairman Mark Fowler, the commission has freed communications technologies from the shackles of commission regulation at a dizzying rate.

In July, for example, the commission voted to expand from 250 to 600 the number of channels available nationwide for private mobile communications and paging systems. This will probably revolutionize mobile communications for urban taxi operations and other transportation systems, not to mention police and fire departments. And because the channels can be reused at a new location every 70 miles, this will open up the possibility of service for hundreds of thousands of new users, according to the *Wall Street Journal.*

That hardly satisfied the FCC for July, however. The commissioners also tentatively endorsed a staff recommendation to enable private radio services to use 1,600 channels in low frequencies in addition to those currently being used, released more new channels for one-way paging systems, and for the first time authorized private-carrier paging systems to go into operation (this opens the way for independent entrepreneurs to design specially tailored paging systems for individual small- and medium-sized companies).

Thanks to the FCC, it is now possible to buy and sell more than 100 channels on communications satellites (before, it was possible only to lease time on the channels). The cost of leasing a satellite channel for a year had been about $1.5 million, and the cost of buying a channel is about $10-$15 million. The result of this, says the *Los Angeles Times*, is that satellite companies will be able to generate more capital for more satellites to meet the increase in demand for satellite usage. Indeed, Clay Whitehead of Hughes Communication says that there may well be a radical increase in demand from small businesses that can't afford to build their own systems but want to offer alternative telephone and data transmission services.

The FCC has also recently granted the first construction permit for a revolutionary broadcast service that will allow home television viewers to receive programs directly from orbiting satellites (homeowners will be able to use the service by purchasing a small roof-top dish antenna for about $200-$300 or leasing it for $14-$17 monthly). It has also taken the first steps toward letting companies buy and sell private international communications lines at a discount (this has angered state telecommunications monopolies in other countries but would permit customers to save enormous amounts over what they pay for direct-dial international phone calls).

All in all, the FCC is turning in a breathtaking performance and setting a fine example for its brethren throughout the length and breadth of Washington.

HOW FARES WORKFARE?

The government's welfare system (or, more precisely, the enormous accretion of state, local, and federal systems) is notable for its inefficiency, inhumanity to clients, perpetuation of poverty, and generous support of a middle-class bureaucracy. Still, it has mushroomed at an astounding rate in the last several years, to most people's dismay and no one's surprise. Unfortunately, there's little evidence that the system and its attendant bureaucracy will magically disintegrate anytime soon; but there are encouraging signs of reforms here and there.

Many of the reforms are new variations on "workfare"—the idea that able-bodied recipients of government benefits should be required to work as a condition of receiving those benefits. This idea isn't new. According to a Heritage Foundation report, Cincinnati has maintained an efficiently administered workfare program as part of its general relief for over 40 years; Utah has since 1974 had a statewide mandatory work program that extends to all AFDC (Aid to Families with Dependent Children) recipients (except for mothers with children under six years old); and California, at the instigation of then-Governor Reagan, had a three-year demonstration project involving employable AFDC recipients from 1971 to 1974.

The results of these and similar programs are not wholly consistent. On the one hand, there is evidence that the Cincinnati and Utah programs have substantially reduced their overall welfare costs by denying benefits to able-bodied recipients who refuse to work—but meanwhile have provided assistance and employment to others who are willing to work. On the other hand, the California project, whose stated goals were to accomplish just that, was by most accounts a failure. Heritage Foundation economist Peter Germanis concludes that "although not all experiences in workfare have met expectations, it does appear that a properly administered program could reduce significantly burgeoning welfare costs while helping many of the poor overcome the 'poverty wall' created by America's current welfare and tax systems."

Recently, interest in workfare has grown considerably. In September 1978, conservative San Diego County implemented a pilot program that had cut its general relief rolls by 42 percent as of July last year, simply by requiring that recipients verify their residency every 30 days (this was aimed at transients who collected similar benefits in other jurisdictions) and requiring work from the able-bodied. San Diego subsequently applied a work requirement to its food stamp program as well. In fiscal year 1981-82 alone, the program saved taxpayers $108,597 by denying benefits to those who could work but wouldn't and gained $147,961 in value (computed at the minimum wage) from those who worked for their food stamps. Small wonder that San Diego County has applied for and received exemption from state regulations so that it can go ahead with an expanded demonstration project.

San Francisco, markedly more liberal in its politics than San Diego, has followed suit. According to the *San Francisco Chronicle*, about a fourth of the able-bodied recipients of the city's $248-a-month general assistance grants are now required to work one day a week in city jobs, most of them as street sweepers. The program has been in effect only since the spring, so it's too early to draw conclusions regarding its success; but Social Services Department director Edwin Sarsfield is working on expanding and revising the program to include a wider range of tasks such as building rehabilitation and parks and recreation maintenance.

One of the most effective examples of workfare occurred in Bordentown, New Jersey, a blue-collar town of 5,000. Four

years ago, the town government announced that welfare recipients would have to reregister for general assistance, and that able-bodied recipients would be required to work. Although 24 people had received assistance previously, only four reregistered; and of those, two were qualified for jobs. The New Jersey welfare director was reportedly incensed by Bordentown's new policy, and the state obtained a court restraining order stipulating that no work requirements be imposed; the town could only refer applicants to the New Jersey Employment Service.

Bordentown Mayor Joe Malone responded with an ingenious plan that circumvented the Trenton bureaucrats: he offered paying city jobs to assistance recipients. It worked. Bordentown's welfare costs, which had been $2,503 monthly, were reduced to $240.

ADAM SMITH PHONE HOME

On September 9, a new era of space exploration began, improbably enough in the middle of a cattle ranch on Matagorda Island, Texas. It was there that Space Services, Inc., a private corporation with a grand total of seven permanent employees, launched the first successful American privately owned spacecraft on a suborbital flight.

The spacecraft, called *Conestoga I,* with its mock payload of 40 gallons of water, soared into space and splashed down 10 minutes later in the Gulf of Mexico, some 32 miles from the launch site. "Obviously we are very happy with the results," mission director Donald K. Slayton exulted to reporters. "All systems worked exactly as they were designed to work."

The driving force behind the *Conestoga I* project has been David Hannah, Jr., a Texas real estate developer who raised about $6 million from 57 private investors for the project. Hannah considers privately owned and financed space ventures more than a spectacular hobby. He intends to sell market-oriented low-cost space services that are designed to meet the needs of oil companies and other customers needing satellite tracking and communications. Already, about a dozen companies have shown interest in SSI's services. The firm is negotiating to purchase a launch site at South Point, Hawaii, from which it would launch its first orbital flight in September 1984 and its first launch carrying a customer payload in early 1985, according to *Aviation Week.* By 1986-87, SSI hopes to be launching at a rate of once a month. In addition to its Conestoga rocket series, SSI is negotiating with NASA and the Air Force to take over the existing Atlas-Centaur launch vehicle program, with a target date of early 1985 to begin operations.

SSI is hardly alone, as readers of Trends know full well. Previous issues have reported on Princeton-based Space Transportation Co. (which hopes to operate a fifth space shuttle) and Robert Truax's Project Private Enterprise. In recent weeks four *new* private launch companies have announced their existence. Arc Technologies, Inc., of Redwood City, California, is already building a prototype rocket, with a first launch scheduled for early 1983 from a ship offshore. According to *Commercial Space Report,* the firm has raised money from a number of Silicon Valley sources, including Apple Computer Co. founder

Now Available in Paperback
INSTEAD OF REGULATION
Alternatives to Federal Regulatory Agencies
edited by
Robert W. Poole, Jr., The Reason Foundation

"This book is a sure-fire antidote to regulatory fever — authoritative, lucid, crammed with both evidence and attractive alternatives." — Milton Friedman

*"**Instead of Regulation** is the most thorough debunking of government regulation yet assembled between two covers. This book shows that deregulation across the board — phasing out not just old-line economic regulatory agencies but the new-breed social regulatory agencies as well — could usher in a new era of American prosperity. Free-market solutions can provide us with safe workplaces, clean air and water, and safe drugs, and this book shows how it can be done."* — William E. Simon

416pp.
Paperback: $12.95
Hardcover: $25.95

LexingtonBooks

LexingtonBooks
D.C. Heath and Company
125 Spring Street
Lexington, MA 02173
(617) 862-6650 (212) 924-6460
Call our toll-free number
800 428-8071

Steve Wozniak. Another Redwood City company is Phoenix Engineering, which tested its first rocket engine module in August. Key founders of both Arc and Phoenix come from G.C.H., Inc., the firm which built the predecessor of SSI's *Conestoga* rocket. The third new firm is Satellite Propulsion, Inc., of Beverly Hills, founded by Jack H. Vollbrecht, retired president of Aerojet-General Corp. SPI hopes to be launching 5,000-pound payloads into geosynchronous orbits by the mid-1980s. And *Aviation Week* (Oct. 4) reports the incorporation of TranSpace Carriers, Inc., which hopes to take over launching of the Delta rocket from NASA. The company's founder is David Grimes, previously NASA's Delta launch operations manager.

Altogether, there are now eight private US-based launch vehicle firms. Adding in the French firm Arianespace and the German firm Otrag, it looks as if private enterprise is firmly established on the threshold of space.

Reason Papers

. . . the journal that takes liberty seriously

. . . the journal that provides an open forum for thinking and debating about the free society.

Reason Papers No. 8 (Summer 1982) includes some provocative debates:

A rationally prudent man is not necessarily a just man. What is the connection between rational prudence and the virtue of justice? In addressing this question, Joel Kidder takes a refreshingly new look at Thomas Hobbes.

Egalitarianism comes in more than one form, not all of which equally threaten liberty. Antony Flew discusses four egalitarian positions in his typically incisive and witty manner.

Is parapsychology a science, Velikovsky a crank? Where do we draw the line between science and pseudoscience? Charles List discusses the current debate and shows how complicated the issue is.

Is immigration an issue on which a consistent libertarian position can be formulated? In order to do so, according to Edwin G. West, you must consider the basic principle of property as well as that of liberty.

Liberalism is attempting a comeback in various styles of new dress. One such attempt is examined and found to be threadbare by John H. Ahrens and Fred D. Miller, Jr., in their review of *Justice in the Liberal State.*

Everyone knows that philosophers love to debate. What is their favorite subject of dispute? One likely candidate is philosophy itself. Gilbert Harman takes strong exception to the view offered by John Kekes, and Kekes responds with some volleys of his own.

Reason Papers is edited by Prof. Tibor R. Machan and a group of distinguished scholars and is published annually by the Reason Foundation. Challenge your thinking with *Reason Papers* No. 8!

To obtain your copy, mail the coupon below to

REASON PAPERS
Box 40105
Santa Barbara, CA 93103

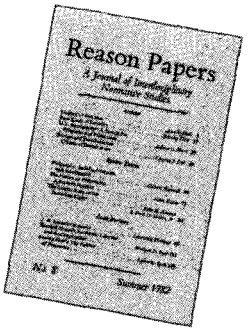
Please send me Reason Papers No. 8. My check or money order for $5.00 is enclosed.

Name_____

Address _____

City _____

State_____ Zip_____



CLINCH, IN A PINCH, NO CINCH

If the virtuous budget slashers in the Reagan administration would ever pick a motto, they would do well not to choose, "What's sauce for a goose is sauce for a gander." In the White House kitchen, they have blithely—to their credit—spread the sauce of austerity over numerous cooked geese in the bureaucracy, but other favored Republican ganders that should have been axed are still very much in the swim.

One such pork barrel turkey (forgive the mixed metaphor) is the Clinch River Breeder Reactor in eastern Tennessee. Clinch River was first proposed a decade ago as a mammoth engineering project to be financed almost equally by government and a consortium of private backers. It was intended to produce plutonium fuel as a byproduct of its power generation (hence the name "breeder reactor").

Almost from the start, it was strenuously opposed by environmentalists suspicious of nuclear power generally but also by others because, as summarized by the *Los Angeles Times*, "It has raised deep concerns that plutonium would be produced in such quantities that nuclear weapons would proliferate wildly." Jimmy Carter in 1977 tried to halt development of Clinch River for the latter reason, but he was unsuccessful—largely because the project has a very powerful patron in Senate Majority Leader Howard Baker (R-Tenn.).

If Baker was powerful enough to keep Clinch River alive throughout a hostile Democratic administration, it would seem that passage in a friendly Republican administration would be easy. But while the White House has been steadfast with its Senate point man, there has been a growing disgust in Congress with Clinch River not only among its traditional opponents on the left but also among a number of rock-ribbed Republicans on the right.

The reason is Clinch River's price tag. Originally, it was projected to cost a scant (by Washington standards) $400 million, of which the private consortium

was pledged to contribute $257 million. Now, however, the Energy Department projects the total cost at $3.6 billion; and the General Accounting Office, the congressional watchdog agency, has issued a report projecting a total cost of as much as $8.8 billion. But the consortium's financial commitment would be unchanged in any case. Rep. Claudia Schneider (R-R.I.) calls it "a multibillion dollar daydream."

Even some of the staunchest supporters of nuclear power are appalled. Sen. Gordon Humphrey (R-N.H.), a friend of the New Right, declared to the *Los Angeles Times*, "Some of us have watched liberals like Senator Kennedy vote against [Clinch River] in the past and said, 'Hey, if they're against it, then I must be for it.' The truth is that Clinch River is nothing but a plutonium pork barrel. It is totally inconsistent with the free market approach to energy development." The Heritage Foundation's energy analyst, Milton Copulos, told *Business Week*, "Performing technological miracles at the taxpayer's expense, just for the sake of doing them, is dubious at best."

At this writing, it is too early to tell whether the new coalition of liberals and conservatives opposed to Clinch River will overcome the might of Senator Baker.

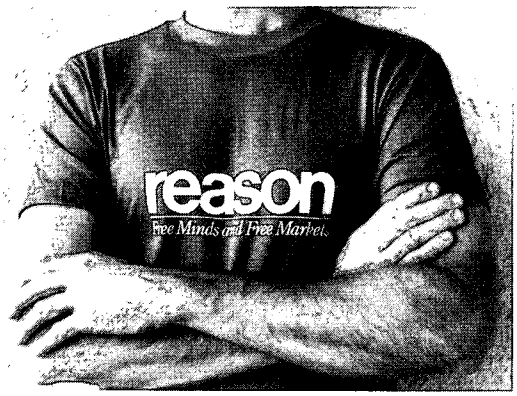
ENTERPRISING PUBLIC BROADCASTING

As the money pipeline for numerous government agencies runs dry, well-placed bureaucrats and their acolytes have been warning us that funding cutbacks will mark the end of Western civilization as we know it. It is therefore a most pleasant surprise to see an agency that, instead of spending time moaning and gnashing teeth, is making a determined effort to provide services in the private sector and move off the government dole.

National Public Radio, under the leadership of liberal Democratic politico Frank Mankiewicz, is such an agency. Confronted with heavy reductions in its federal funding, NPR is planning in the next six years to use new technologies to offer a wide variety of income-generating services. According to the *Wall Street Journal*, it will begin transmitting commodity prices, news, and video games directly to computers and printers in offices and homes around the country; and it has entered a partnership with a private Virginia firm to begin a nationwide radio-paging service (so, beginning

reason wears well

New REASON T-shirts are now available with our logo "Free Minds and Free Markets." A beautiful royal blue with white lettering. (T-shirts are a cotton/polyester blend.) Send for yours today—and while you're at it, get one as a gift for your favorite fellow REASON reader. At $7.00 each, they make great gifts.



Size		Qty	Amt
Adult	S	____	$____
	M	____	____
	L	____	____
	XL	____	____
Child	S	____	____
	M	____	____
	L	____	____

Total Amt Enclosed $_____
(CA residents add 6% sales tax)
Payment must accompany order.
Allow 4-6 weeks for delivery.

NAME (PLEASE PRINT)

ADDRESS

CITY STATE ZIP

REASON ENTERPRISES, Box 40105, Santa Barbara, CA 93103

THE FREEDOM PRINCIPLE

LANSING POLLOCK

"An outstanding contribution to the literature of political philosophy."
—Hillel Steiner, University of Manchester

"For anyone interested in contemplating the moral foundations of a free society, this bock serves as an excellent introduction to the principles of freedom."
—*Reason*

The Freedom Principle $14.95
Payment enclosed. Please add $1.50 postage and handling. NY State residents please add 7% sales tax.

Name _____
Address _____
City _____ State _____ Zip _____

PROMETHEUS BOOKS 700 E.Amherst St. Buffalo, NY 14215

next fall, you will be able to subscribe to their paging service—which will cover most major cities in the country—for about $30 monthly).

Another of NPR's commercial ventures will be an overnight audio service through which subscribers will be able to tape programs while they sleep. For a fee, they'll get a monthly program guide and a toll-free number to call. Whenever they want to record a program, they'll simply have to slip a cassette into a special "black box" device.

Meanwhile, the Public Broadcasting System is responding to cutbacks in funding for public television, albeit in a more modest and diffident manner than NPR. *Business Week* reports that PBS has been discussing with AT&T the possibility of a $9-million grant to underwrite much of the cost of an expanded one-hour nightly edition of the *MacNeil-Lehrer Report*; and 10 local television stations in the PBS network have been permitted to run commercials on an experimental basis. There are signs that PBS is more reluctant than NPR to test the waters of free enterprise—Corporation for Public Broadcasting president Edward Pfister is adamantly opposed to allowing commercials. And a congressional commission on alternative financing for public communications recently argued that "there is no reasonable alternative to continued federal funding." But necessity may well be the mother of invention. As a Commerce Department position paper recently said, there is no reason to accept the assumption that "new media will essentially never be able to replace the present public broadcasting distributors or distributees."

NPR's Mankiewicz with his goal of "Off the Fix by '86" can undoubtedly appreciate that.

It Ain't What You Don't Know That Can Kill You It's What You "Know" That Ain't So

Send $5.00 today for a copy of Congressman Ron Paul's *Congressional Record* reprint of "Currency Competition — A Solution to Inflation and High Interst Rates." Get specific details about the **Action Plan** to eliminate the Federal Reserve Monopoly and give Americans a new gold coinage.

You Will Also Receive A Complimentary Copy of "Currency Competition" A Monthly Newsletter

U.S. Choice in Currency Commission
325 Pennsylvania Avenue, S.E.
Washington, D.C. 20003

Learn about the *American Eagle Gold Coin* legislation, H.R. 6054 and S.2330, which was recommended by the U.S. Gold Commission.

Send $5.00 (tax deductible) TODAY!
The Choice In Currency Commission is a not-for-profit public foundation.

WITHDRAWING FROM THE PUBLIC EDUCATION FIX

Public education provides an unfortunate example of the disadvantages of government having a near-monopoly on the provision of an important service. Yet it has continued to be supported as an apple-pie issue. Because education is so heavily politicized in this country, it is encouraging to learn that the public school system's constituency in the electorate is now diminishing in two important respects.

First, the percentage of adults with youngsters in the public schools has declined dramatically, according to the *New York Times*. The newspaper quotes Gallup Poll data indicating that while 39 percent of adults had children in public schools in the early 1970s, only 27 percent do now. (This is because of an aging population, an increase in the percentage of young adults with fewer children or no children, and lower birth rates.) As the *Times* notes, "The demographic statistics could have dire consequences for public schools during the 1980s as they seek support for bond issues and budgets, as well as for programs generally"—although the results for *education* can be expected not to be dire, we might add.

A second and possibly more important factor in the shrinking of public education's constituency—also pointed out by the *Times*—is a shift in opinion about public schools. While Americans continue to have, as the *Times* puts it, "an overriding belief in the importance of education" (87 percent of parents with children in public school want at least one of their children to go to college), their confidence in the public school system is far lower. Only 47 percent of parents with children in public school said they would still send their children to public school if private schools were tuition-free; 45 percent would opt for the private schools. Moreover, the number of those who give schools an A rating has declined since 1974 from 18 to 8 percent, and the number who rate schools in the range from C to failing has grown from 32 to 52 percent. As the *Times*'s education reporter Fred Hechinger asks, "Is there a move away from the century-old educational, social, and political belief in this country that the public schools as the predominant form of education are an essential ingredient of an effective American democracy?"

Possibly so. There are several reforms that could accommodate a transition from the public school monopoly to a reliance on private schools, with an attendant increase in economy, diversity, and excellence in education. One is education vouchers. They have never been tried on an extensive basis in this country, but the idea has been a splendid success across the Atlantic. In Holland, the *Education Voucher Institute News* reports that "as long as a private school fulfills certain regulations, it receives 100 percent of its operating funds from government sources." The Dutch system has fostered an impressive range of choices for Dutch families. *EVI News* notes that most private schools are affiliated with a religion (mainly Catholic and Dutch Reformed), but some are based on pedagogical principles (Montessori, Jena, Dalton, etc.).

State-supported vouchers are not a complete privatization of education, of course, but the Dutch experience shows that they introduce a valuable marketplace dynamic into schooling for children from all economic backgrounds: the revenue that Dutch private schools generate depends directly on how many students they attract, and any family that believes its children are not being educated competently can easily transfer the children elsewhere. Thus a voucher system gives all children—not just those from wealthy families, as is the case here—the option of a private education.

CREATIVITY COMES TO THE ARTS

Can a refined artistic sensibility survive in the hurly-burly of "cutthroat capitalism"? Possibly so.

Arts groups around the country, many of which did quite well in the sullied halls of the federal bureaucracy for more than a decade, are now confronting the fact that government arts funding has been cut back enormously. As a consequence, they have to look elsewhere for money. To their credit, some are extending their creative impulses to entrepreneurial activity.

New York's Dance Theatre Workshop is one such group. In a radical departure from genteel theatre tradition, the

Workshop has choreographed commercials at its performances. The *Wall Street Journal* recently gave an account of one: " 'Will you die if you don't have a Brownie All The Way at four in the morning?' booms the announcer as a gyrating dancer draws his finger across his throat and plays dead. 'The Empire understands.' A Brownie All The Way? That's with ice cream, chocolate sauce, whipped cream, and a cherry." The commercial drew the loudest applause of the performance.

Drama also may have a splendid vehicle to prosperity—the medium of pay television. Ellen Krass, the executive producer for RKO-Nederlander Productions in Los Angeles, pointed out in a recent interview that cable television and pay-per-view could become "a financial arm of the theatre. There are enough homes that you can do plays by subscription. In the beginning of the year, you could pay $60 for four Broadway shows. You get opening night for $15. You can make it into a dinner party."

Krass's firm has already concluded agreements for 10 such productions. The first 5 will include *Sweeney Todd, The Canterbury Tales,* and *Lena Horne: The Lady and Her Music.* She also predicts opportunities for less-established dramatists, and her company is working with Playwright Horizons to encourage new young writers.

"There's no place for young playwrights to develop their work today except in small experimental theatres where you can do a show for $25,000," she says. Because of Krass and other inventive producers, that situation may be remedied.

CABLE'S CRUMBLING CASE AGAINST COMPETITION

Is cable TV a "natural monopoly"? That's what industry representatives claim, in their quest to receive exclusive franchises from local governments. But now a pair of respected Washington-based communications industry consultants, Harry Shooshan and Charles L. Jackson, have issued a report, prepared under contract to the National Cable Television Association, indicating that the much-vaunted "need" for cable monopolies has about as much basis in reality as the existence of the Easter bunny. As the report says, the concept of cable as monopoly "is no longer correct, if indeed it ever was."

The report notes that in the early 1970s, the conventional thinking about cable was that it was the "ultimate communications invention"—since technologists had done their job, society had to develop rules to regulate cable, and a communications paradise would flourish. But in fact the world has not been static. Technology has kept changing, and new alternatives have entered the local communications market.

This has meant that while cable is still of enormous importance, it is far from being a monopoly. So even if one assumes the validity of the traditional rationales for government regulation of monopolies (the existence of a natural monopoly, the provision of an essential service, and the dedication of a business to public use), the case for regulating cable as tightly as railroads and utilities still falls flat on its face.

In order to determine whether a natural monopoly exists, the report analyzes each of 22 services that cable can provide and finds that "cable faces competition in *all* of these submarkets" (emphasis in original). In the submarkets for all entertainment services, for example, the market is very competitive: cable competes with over-the-air television and radio, pay television, MDS, MATV, video discs and cassettes, movie theatres, and ultimately DBS. The same situation is true of the markets for security and alarm service, energy management service, videotex service, data, voice, and other

Gold & Silver

You *know* why . . . But *Who*?

R. W. Bradford & Company has served the hard money investor with same day shipment, concise market reports, ***guaranteed*** delivery and authenticity, and ***lowest prices.*** And we've been doing it since 1971. Isn't it time you began to deal with R. W. Bradford & Company?

Check **RWB** out. Call for our quotes, and compare **RWB** prices with those of your present dealer. You will find out how much you can save by dealing with **RWB.**

Or fill out the coupon to the right for a sample of our newsletter and our ***"Gold/Silver Information Packet."***

R. W. Bradford & Company
P. O. Box 1167
Port Townsend, WA 98368
(206) 385-5097

Please send me your ***"Gold/Silver Packet"*** and a copy of your most recent newsletter.

name _____

street _____

city _____ state _____ zip _____

wonders that people have claimed were unique to cable.

Shooshan and Jackson's point is underscored by the fact that head-to-head competition even exists in basic cable TV service, in cities where permissive licensing rather than de facto exclusive franchising is the rule. Such cities include Phoenix and Paradise Valley, Arizona; Vista, California; Bridgeview, Illinois; Paramus and Hillsdale, New Jersey; and Bethlehem, Pennsylvania. In addition, Dade County, Florida, has licensed five cable companies, though they have chosen not to compete head-on thus far.

So the next time your local alderman or cable company operator starts saying that cable is a "natural monopoly" and there isn't any alternative to strict government regulation in the public interest, start counting your silver spoons. The free market can work as well in communications technology as everywhere else if it's given half a chance.

BOOSTING EXPORTS WITHOUT BUSTING THE TAXPAYERS

If you're the ruler of an underdeveloped country and you conclude that the greater glory of your regime will be better enhanced by a fleet of shiny Boeing 727s for a national airline than by development of agriculture and industry, you might find that large Western banks these days are a bit skittish about granting you credit for your would-be airline. Not to worry. You have a friend at the Export-Import Bank.

Since 1934, this fine agency of the US government has been arranging credits for foreign customers of American corporations when the customers are considered to be too much of a risk by normal commercial lenders. And naturally, it's not just the bad credit risks who benefit—the corporations they patronize have come to see Ex-Im as an estimable plum.

Boeing Aircraft is a prime example. From 1975 to 1980, Ex-Im Bank helped finance some $77 billion worth of exports, and $14 billion of that amount was for airplanes. So it's little wonder that, with new sentiment in Congress and the Reagan administration to reduce Ex-Im's borrowing authority by nearly $1.8 billion, Boeing has published a cleverly written brochure emblazoned, "Attention! Just when we need it most, America's Export-Import Bank is in jeopardy." Festooned with tasteful maps and charts, it leaves the impression that tampering with the Ex-Im Bank is akin to spreading an epidemic of dysentery.

The fact is, however, that the marketplace may soon be providing a private alternative to Ex-Im. According to *Business Week*, the Wall Street brokerage house of Lehman Bros. Kuhn Loeb, Inc., is currently putting together a "cooperative export financing corporation" (CEFCO). It is intended that the co-op will borrow money cheaply, possibly by obtaining funds in low-interest money markets abroad, then relend it to foreign buyers of American exports. The financing of CEFCO itself would consist of equity participation by member companies; but Robert M. Macy, Jr., of Lehman Bros. says that they are "looking at a whole phalanx of financing tools."

Macy emphasized in a letter to *Business Week* that CEFCO "is an entirely private effort...[and] has neither requested nor discussed government loans or guarantees." He added that they are seeking clarification of CEFCO's tax status from the government.

In an interview with REASON, Macy maintained a cautious attitude about CEFCO's future role. "Ex-Im Bank remains the cornerstone as you develop other means of financing," he said. "We're not out to try to replace them. They have shortfalls and we're just trying to fill in the gaps." But he did say that it is conceivable that CEFCO would eventually be involved in financing as much as 10 percent of American exports, which now amount to $125 billion annually. And, despite Macy's eagerness to have Ex-Im remain front and center, who knows...? Lehman Bros. may be just the precedent the private sector needs to develop a competitive alternative to politicized export financing.

MILESTONES

• *Banking securities.* The Federal Deposit Insurance Corporation has announced that it is now legal for state-chartered banks that don't belong to the Federal Reserve System to have securities subsidiaries. Although the banking industry has to overcome other governmental barriers before it can enter the securities market on a large scale, the decision is considered a major victory.

• *Tax reform support, sort of...* According to *Business Week*, a Harris poll has found 62 percent of Americans in support of a flat-rate 14-percent income tax. However, a majority favor keeping deductions for medical expenses, home mortgage interest, charitable contributions, state and local taxes, and casualty and theft losses. This is *flat?*

• *Trickle-trickle, splash-splash.* A California Assembly research office report estimates that permitting Californians to sell surplus water they accumulate through conservation—giving people an economic incentive to conserve water—could eventually lead to savings of at least 172,000 acre-feet of water annually, or about one-half the amount of new water that Southern California was scheduled to get from the defeated Peripheral Canal project, at no public cost. In September, Gov. Jerry Brown signed a law that will lead to a partial free market in water.

• *Bible Belt loosened.* In September, Oklahoma voters overwhelmingly endorsed a proposal that will permit parimutuel horse race betting. The landslide vote was a major defeat for the leadership of the Baptist and Methodist churches in the state, which had led the opposition to the proposal.

• *Privatizing NASA?* Lee Scherer, the former director of the Kennedy Space Center in Florida and a member of the launch team for *Conestoga I* (see Trends, above), predicted in an *Orlando Sentinel* interview that NASA may start turning over launch operations to private business, "I would say, within three years, if you want to try to pin it down."

• *Children of Prop. 13.* Since 1978, the year the California voters passed Proposition 13, 18 states have followed that lead and placed limits on local government spending. According to John Shannon of the Advisory Commission on Intergovernmental Relations, the result is that the size of state and local government as a percentage of the GNP has started to shrink.

• *Welfare state apostates.* A coalition of Democrats in the House of Representatives has issued a report that abandons the principles of New Deal economics and calls for a balanced budget, lower tax rates, and long-term investments in national growth. True, it also calls for a Rohatynesque "Economic Cooperation Council" of government, business, and labor representatives to "marshal our resources," but some backsliding can be forgiven. Enlightenment is often an incremental process.

—ROBERT POOLE, JR., AND PAUL GORDON

As the feds cut back, neighborhood enterprises like this 10-year-old one in Pittsburgh are getting a chance to show what they can do.

Self-Help Housing

By Eric Martí

Bill and Rose Walk's attachment to their home may run stronger and deeper than is ordinary—apart from their four children, there is nothing they speak of with more pride. Ten years ago, the family was living in public housing with a subsidized rent. The Walks had no hope of ever achieving their "impossible dream," as Rose often refers to the house they now own. Good fortune came to them through the efforts of a coalition of private citizens, local businesses, and a neighborhood organization.

The coalition didn't give the Walks their home. The guiding idea was that if disadvantaged families demonstrated a willingness to help themselves, they would be given the opportunity to "earn" a home. The Walks accepted the proposition, and their pride in home ownership springs as much from the effort they devoted to earning it as from the possession of the physical structure itself.

Standing in the middle of his basement, which has been converted into a family room, Bill Walk gestures quickly, modestly, to the room's decor. The dark wood paneling, the dropped ceiling, the tiled floor, the bar—it is all his handiwork. Bill, as is characteristic of him, beams silently. His wife, a short, stout, dark-haired woman of Italian descent, speaks her pride with enthusiasm. "He did this all himself," Rose says—"all by himself."

Upstairs in the kitchen, over coffee, the Walks retell the events that led up to their moving into this house 10 years ago. It is a modest home—half of a duplex, a two-story, three-bedroom, red-brick affair—comfortable and well-appointed. "We had nothing," Rose says, a plume of cigarette smoke issuing from her mouth. "Absolutely nothing." Prior to December 18, 1972, when they moved in, Bill and Rose and their children had been residing, since 1960, in Crawford Village, a high-rise, public-housing complex in McKeesport, Pennsylvania (14 miles southeast of Pittsburgh).

During the last several years they lived there, "the projects," as Rose calls their prior residence, "were getting real bad." They were particularly worried about their children living in an atmosphere characterized more and more by the open use of drugs, incidents of violence, and the general congregation of "juvenile-delinquent types." But it seemed there wasn't much they could do about it. Bill's employment as a mill worker for US Steel had been interrupted time and again, since 1958, by layoffs. Any potential savings were drained away by the medical bills of their youngest child (now 14), a mentally retarded boy who spent much of his first six years in hospitals.

Despite their considerable hardships, however, the Walks did not find much aid from government sources. Their subsidized apartment, in fact, was the extent to which they drew relief. Bill and Rose each tried once—against a strong inner resistance to the notion of handouts—to apply for government assistance. The only result was frustration with the bureaucrats. So, Bill says, he took on jobs here and there.

It was with little expectation of any improvement in their lives that the Walks listened one day in the fall of 1972 to Jim Butler, then a 25-year-old caseworker for the McKeesport Neighborhood Ministry (MNM). A private, nonprofit, interfaith

human-services agency, the ministry was founded in the early 1960s to combat poverty and its effects, working particularly with families and children. The Walks remembered Butler. Bearded and with hair falling to his shoulders, he had come knocking on their door in the projects one day in 1970 to encourage them to take advantage of the area's Head Start preschool program. He had helped the Walks get special education for their retarded child, and they were grateful to him.

On that November day in 1972, Butler asked the Walks if they would like to live in a home of their own. Suspecting that it was some kind of "government deal," Bill remembers being very skeptical. But they listened to Butler explain MNM's newly conceived Earned Home Ownership Program (which at that time *did* involve government). The Walks agreed to enter the program, and one month later they moved into the home they now own.

Before they acquired their own home, the Walks were among the beneficiaries of an extensive effort by the federal government to provide housing for the disadvantaged. Since the 1930s, federal tax monies have subsidized the construction and rehabilitation of 1.2 million units of housing and the occupancy by low-income families of another 1.5 million units. Federal outlays in this effort have mounted to many billions—$58 billion (unadjusted for inflation) in the 1970-82 period alone, and $250 billion over the next 15-20 years to pay off existing commitments.

Now, the government is pulling back. Along with other social programs, housing has come in for cuts under the Reagan administration in the growth of federal spending. And it's one of the areas where "private-sector initiatives" are being urged by the administration.

Critics doubt whether the private sector is equal to the task. Can the clear benefits of having aid for the less well off provided at the local level, in response to the needs of a particular community, be matched by sufficient funding and commitment? they wonder. But the story of the Walks and the families who have followed them in the Earned Home Ownership Program is a story of how housing assistance, with creativity and dedication, can be and is being offered in the private sector.

The home ownership program administered by the McKeesport Neighborhood Ministry issued from a rather interesting marriage of data, viewpoints, and personalities. Officiating over the union was Edward M. Ryan, a Pittsburgh construction tycoon—founder of Ryan Homes, Inc., one of the nation's largest home-building firms—and a philanthropist of no small consequence.

In 1970 Ryan hired a long-time friend, E. Vaughn Gordy, Jr., to oversee his philanthropic activities. Gordy, a former food broker with a long record of civic involvement, was in part to seek out worthy projects toward which Ryan might direct his charity. Extending his feelers into the Pittsburgh-area eleemosynary network, he soon learned of the McKeesport Neighborhood Ministry.

Since the end of World War II, McKeesport, a city supported mainly by steel and other related industries, had been on the decline. A dwindling population (from a peak of about 60,000 it stands today around 35,000), an old and deteriorating housing stock, and the attrition of local business and industry were taking their toll on the city's social and economic health. "It was like a miniature Detroit," says Gordy, who lives in Mount Lebanon, an old and predominantly upper-class suburb of Pittsburgh. (Ryan, too, lives in Mount Lebanon.) By the early '60s, symptoms of poverty had broken out in rashes. Concerned McKeesport citizens, working within a matrix of local churches, formed the McKeesport Neighborhood Ministry to treat some of the resultant problems.

Gordy was put in touch with the group through his own church and was impressed with its small-scale, neighborhood approach to the locality's problems. He soon became active in the ministry's work, assuming an affiliate position as associate director, and saw an opportunity to put some of Ryan's charity to good use.

In 1970, shortly after Gordy joined MNM, the idea occurred to its directors to do a study—an audit, of sorts—of the problems facing the ministry's clients to get an idea how best to use their limited resources. The audit showed that the single most serious problem plaguing MNM clients was substandard housing. And the bad housing situations, Gordy believed, "were contributing to family and juvenile problems."

By and large the ministry's clients, mostly low-income families, were living as renters in privately owned apartments or in public housing. Many were heavily in debt—"$4,000 to $5,000 appeared to be about the average level of debt of a family," says Gordy. Though most families had some regular income, their debt and, says MNM's Jim Butler looking back on the situation, "perhaps more importantly, their attitudes, their belief that there's no way out of the mess," prevented them from improving their situation.

After pinpointing the housing problem, the ministry assigned one of its caseworkers, a slightly built, angular young man—Jim Butler—to look into what a local, nonprofit agency with limited means might do to help get people into better housing. He researched the problem for several months and submitted his report to the ministry's directors.

Butler emphasized the importance of people overcoming their mental obstacles to change and betterment. The ministry, he thought, through its close contact with its clients, could help people here. He also suggested that the ministry might solicit contributions for a special fund to provide loans to families for down payments on homes. Believing Butler's report worthy of further consideration, Gordy passed it on to Ed Ryan.

Meanwhile, in an independent development, a parallel idea was blooming in the mind of James McDonough, president of Ryan Financial Services. A subsidiary of Ryan Homes, Ryan Financial Services arranges financing for purchasers of Ryan-built houses. McDonough had been studying the problem of the purchase of homes by low-income families, due to the existence of a certain federal program authorized under Section 235 of the 1934 National Housing Act as amended in 1968. Under FHA 235 (so called because it was administered by the Federal Housing Administration, an arm of the Department of Housing and Urban Development), the federal government picked up, for low-income families, the difference between the monthly payment on a mortgage at the market interest rate and the payment that would be required on a mortgage bearing one percent interest. The FHA also guaranteed the mortgage against default.

Nationwide, FHA 235 was scandal-ridden. So widely abused was the program that in 1971 Congress conducted an investigation into FHA 235 (and other similar programs), amassing evidence of inefficiency and corruption in the program's administration. Cited among the evidence were cases of shoddy construc-

Bill and Rose Walk, who still live in the EHOP home they moved into in 1972

tion of homes built expressly for purchase under FHA 235 and conspiracies among appraisers and lenders to inflate the prices of homes bought under the subsidy plan. In addition to the program being gouged up front by builders and lenders, significant numbers of FHA 235 participants defaulted on their loans, leaving the government liable for the properties in question.

In Pittsburgh, McDonough turned his attention to why FHA 235 succeeded or failed when it did. Most of the program's participants, he found, were first-time home buyers, many ignorant of the financial demands of home ownership, such as maintenance and utility costs. Some were not aware of even the most rudimentary aspects of the upkeep of a home.

It seemed to McDonough that the program worked well when it successfully screened and selected the right kind of participants. All in all, FHA 235 had performed fairly well in the Pittsburgh area: by mid-December 1972, only 16 defaults out of 3,400 mortgages were on record.

McDonough thought that there might be a way to make even more people—those considered "marginal risks" by government evaluators—eligible for the federal subsidy. Would the FHA, he wondered, approve the subsidy on a marginal-risk family if the family first obtained a mortgage through a commercial institution and demonstrated, over a probationary period, its ability to make the payments? FHA authorities agreed to the proposal, on the condition that the government not be liable during the probationary period in case of default.

McDonough thought of his plan as a means by which low- and moderate-income families could "earn" a home, and he passed the idea along to Ed Ryan, then president and board chairman of Ryan Homes, Inc. With McDonough's notion of "earned home ownership" and Butler's housing study reaching him nearly simultaneously, Ryan sensed the possibility of somehow uniting the two. And "when Ed Ryan wants to do something," says Vaughn Gordy, "it generally gets done."

Gordy further describes his friend Ryan as a no-nonsense man with a quick intelligence and a knack for getting to the root of a problem. "If Ed's involved in something, he'll want to know what the goal is, how it will be achieved, and when."

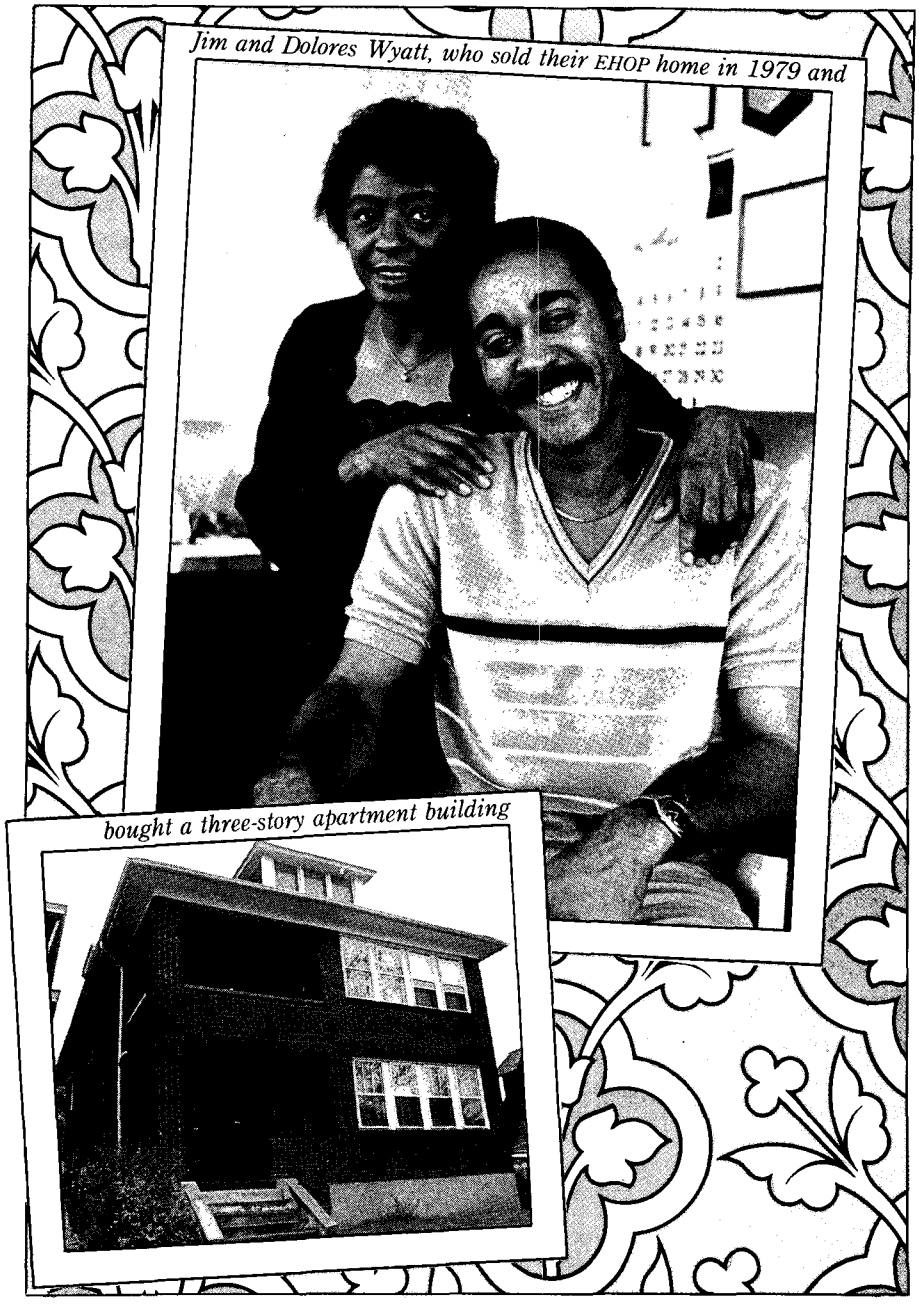
A GI during World War II, part of which he spent as a POW in German custody, Ed Ryan returned to civilian life to resume his trade as a carpenter. By 1948 he had founded his own home-building company. Today, Ryan Homes is valued in the hundreds of millions of dollars; it is the nation's fifth-largest builder of houses (in terms of sales), with offices in 22 cities in 12 eastern states.

Ryan soon arranged for McDonough and representatives of the McKeesport Neighborhood Ministry, including Butler, to work out the specifics of a pilot housing program along the lines McDonough had already sketched. The project was dubbed the Earned Home Ownership Program.

It was agreed, first, that eligible applicants should be those families unable to obtain a mortgage through other means. Once selected, participants would have to go through a prepurchase counseling and monitoring program for a period of 6 to 18 months. Through counseling, families would learn how to budget their income, avoid excessive debt, make payments on time, and maintain a home. In addition, the ministry would be available for guidance and support, should a participant have difficulties of any sort.

In contrast to the lack of support services in government housing programs, particularly FHA 235, this last aspect was

Photographs by Marlene Karas and Stellios Varias



Jim and Dolores Wyatt, who sold their EHOP home in 1979 and bought a three-story apartment building

generally viewed by all involved as an important element in the ministry's program. Jim Butler is a passionate advocate of this "personal" dimension provided by small, neighborhood agencies. He decries the impersonal, alienating nature of government bureaucracies and other social "megastructures."

(Butler has adopted the term from the sociological work of Peter Berger and Richard Neuhaus, conducted under the auspices of the American Enterprise Institute and outlined in that institute's publication, by Berger and Neuhaus, "To Empower People: The Role of Mediating Structures in Public Policy." Opposed to megastructures, such as government and big business, are "mediating structures," which include families, neighborhoods, churches, and voluntary associations.)

Ed Ryan was instrumental in getting a pilot program on its feet. Ryan Homes had, in the fall of 1972, just completed construction of seven modest houses in North Versailles Township, an area adjacent to McKeesport. Ryan approached six of his acquaintances—"other people of means," explains Gordy—and urged them to "invest" in this new program: the seven-man group bought the North Versailles homes, which were reserved for resale to EHOP families at the original prices.

The next step was to get a local bank or savings and loan association involved. Pittsburgh National Bank (PNB) was the likely candidate: Ryan Homes was one of the bank's customers, and Ed Ryan wielded considerable leverage there. Ryan suggested that Gordy approach PNB's vice-president, Bill Copeland, about the matter. At that first meeting, Gordy recalls, Copeland did not immediately take to the idea. Ryan himself then interceded, and PNB came around. Participating in the discussions to work out financing for EHOP participants would be officers at PNB; McDonough, the conceptual father of the program; and representatives of MNM, including Gordy and Butler.

That a family should be made to *earn* a home was not a concept with which Jim Butler was initially enamored. He had subscribed fully to the social-service orthodoxy of the time—"Our clients have *rights, rights, rights,* and society *owes, owes, owes,*" Butler says now, pounding his fist on the table and mocking his old self. So when he learned that he was to meet with bankers, Butler was suspicious. "In 1972," he says outright, "I considered bankers to be among the seamiest members of society. Most people in social work did—most still do. I didn't trust their motives, and frankly, I didn't think they had any rightful place in this program." It's a view he has, he admits willingly, "turned around on 180 degrees."

Butler is now the executive director of Housing Opportunities, Inc., a private, nonprofit organization spun off from the McKeesport Neighborhood Ministry in 1975 to take over the activities of the growing Earned Home Ownership Program. "I would now rather work with the banks," he states boldly, "than with government bureaucracies, other social-service agencies, or even the churches. You get a lot of talk out of the others—you get action from bankers."

Butler's attitude started to alter when, as discussions with PNB progressed, he sensed the bankers' willingness to find a workable solution. "They'd write up some scheme—requiring, for instance, a certain down payment—and I'd say, 'Our clients can't do it.' So," he recalls, "they'd rip that page out of the notebook and come up with something else. I started to see that they really intended to work something out. I started to trust them."

The motley coalition finally brought into being a financing arrangement for EHOP participants. It was agreed that participating families would assume occupancy of the homes initially on a lease-purchase basis: a family would move into a home and, for a predetermined period

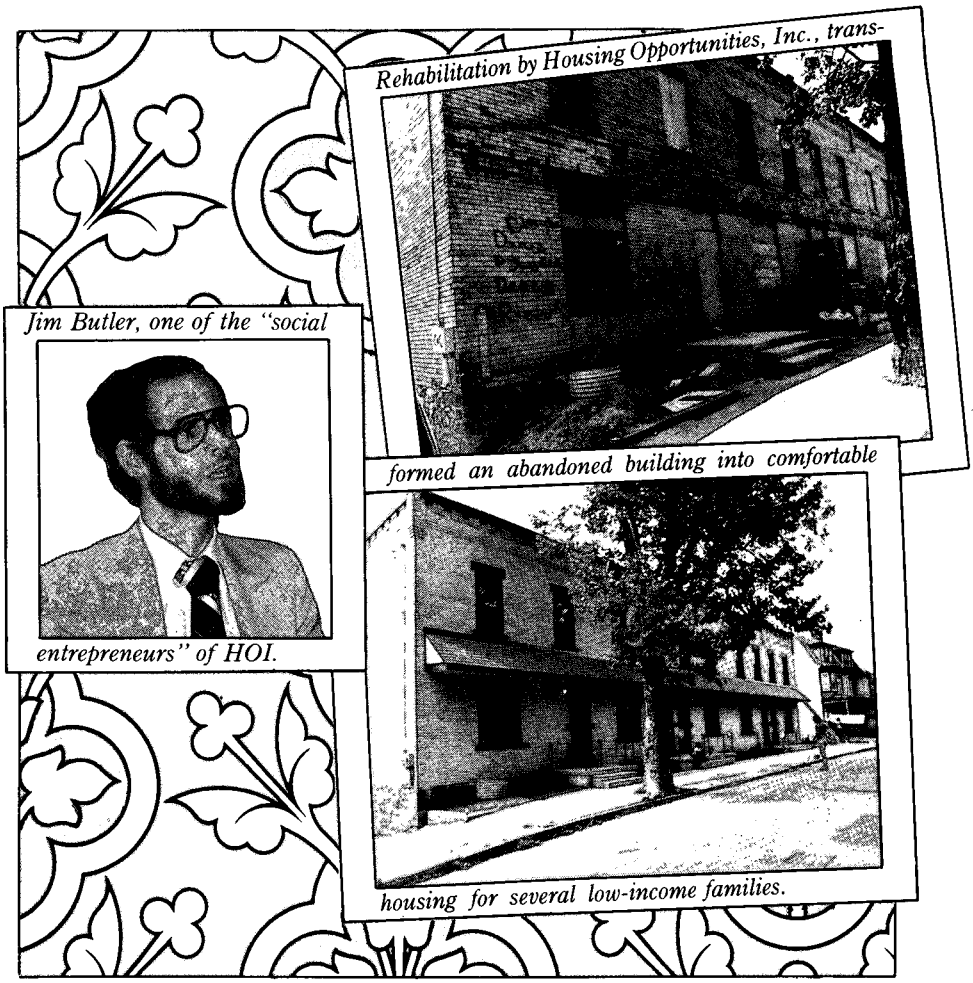
of time, pay rent each month, part of which would go into an escrow account to build up a down payment. During this probationary period, the family would be counseled and their finances monitored. Arrangements would be made for the family to consolidate their debts, and a repayment scheme would be set. At the end of the lease period, and after all other conditions had been satisfied, the bank would extend a conventional mortgage to the EHOP family. Soon after, the family could receive the FHA 235 subsidy, as government administrators had agreed.

By late 1972, then, EHOP had been wrought into a mechanism by which to tap into the FHA subsidy, just as McDonough had originally conceived it. On December 18, the first family—the Walks—moved into their new, Ryan-built home, on Palma Street in North Versailles Township. But in January 1973, just weeks later, the Nixon administration turned off the federal faucet on FHA 235.

The ministry's program seemed to be in jeopardy. Of immediate concern was that PNB, now without assurance of federal subsidization and guarantee of the mortgage, might curtail its involvement in the program. That worry proved unfounded. "Once they had committed themselves to the program," Butler says, "the people at PNB never wavered. Even though they had a legitimate reason to drop out after the moratorium on FHA 235, they stayed with us all the way."

In a move designed to simplify the program, Ryan and his "coinvestors" sold the seven homes to the ministry. The investors complemented PNB loans to the ministry—loans with no down payment and interest below market rates—with second mortgages, also at below-market rates. With the homes now in its possession, the ministry established two invaluable components of the pilot project, ones that Housing Opportunities, the nonprofit organization that administers EHOP today throughout the Pittsburgh area, still uses: the revolving loan fund and the second mortgage.

It had perhaps occurred to some organizers of the program at this point simply to *give* the homes to the families. But pressure from several sources—notably Gordy and Ryan—had always been firmly against handouts. Butler himself, who initially had found the notion of earned home ownership "repugnant," had begun to see its merits. ("If you just give somebody something," he explains now, "that person doesn't learn anything—you've rewarded an attitude that ought to be changed.") Moreover, from a pragmatic point of view, since the ministry now owned the properties, having clients earn the homes by paying for them would replenish the ministry's resources, thus enabling more people to take part in the program.



Rehabilitation by Housing Opportunities, Inc., transformed an abandoned building into comfortable housing for several low-income families.

Jim Butler, one of the "social entrepreneurs" of HOI.

So representatives of the ministry and the bank went back to the drawing board to work out a new program. As owners of the homes, MNM would itself extend a second mortgage to EHOP families to supplement a first mortgage obtained by the family at PNB. The bank mortgage would be at commercial rates, the second mortgage at a lower interest rate, from zero to six percent. The relative size of the two mortgages and the interest rate charged by the ministry would be worked out after determining what a family could afford to pay each month. Payments on the loan from the ministry would go into a fund that could then be used to expand the program.

The ministry's first model for this regenerative-funding device had come at the inception of the program, before the freeze on FHA 235. In order to pay off the debts of EHOP families when they entered the program, the ministry had set up a loan fund (Ryan was a major contributor). With money from the fund, the ministry would pay a family's debts, thus consolidating its obligation to one creditor—the ministry. At a low interest rate (usually 3 percent), the family would repay the ministry over time; these payments would replenish the fund, and another family's debt could be consolidated likewise. Thus, the loan fund "revolved."

This device was now expanded to provide second mortgages also to EHOP families. Shortly after the moratorium on FHA 235, the ministry received from private sources donations for its revolving loan fund totaling more than $200,000, including $100,000 from the US Catholic Bishops' Campaign for Human Development and $100,000 from the Pittsburgh Foundation, an umbrella organization that oversees more than 2,000 charitable trusts.

James Wyatt, a handsome 33-year-old black man with a disarming smile that seems never to leave his face, explained how the revised program worked for him. At one time, like the Walks, Wyatt too had lived in the projects. Prior to becoming an EHOP participant, Wyatt, his wife Dolores, and their four children were living in a privately owned apartment that Wyatt describes as "just decent." The family's efforts to save enough to buy a house were not working well.

In 1973, the Wyatts entered the program and moved into one of the Ryan-built homes up the street from the Walk

Photographs courtesy of Housing Opportunities, Inc.

Social Entrepreneurs

In the 1981-82 fiscal year, the federal government spent $12.7 billion on housing and housing assistance for some 4.5 million families. By comparison, the program of Housing Opportunities, Inc. (HOI), which in 10 years has helped a little over 200 families in the Pittsburgh area, can seem like a gnat on the rump of an elephant. This may account, in part, for the popular conviction—held, as well, by HOI's Jim Butler and Allen Sethman, despite their frequently voiced complaints about government bureaucracies—that the private sector cannot even make a dent in the nation's low-income housing problems, that continuation of increasing public funding is essential.

Yet the government's performance on housing has been roundly and widely criticized. Fraud and mismanagement, which sparked the 1973 freeze on FHA 235, are common elements of these subsidy programs. The government has pursued a costly policy of concentrating on building new housing even though the real problem is not the quantity of housing but the ability to pay for it. And the billions of dollars spent on public housing projects have largely resulted in the creation of huge high-rise slums in inner-city areas that have consequently declined precipitously.

Against this backdrop, the record of Housing Opportunities' neighborhood-based Earned Home Ownership Program in Pittsburgh is impressive. After peeling away what public-sector involvement there has been in EHOP, there clearly remains a successful private low-income housing program. And, unlike the vast majority of the government's housing and other welfare programs, EHOP moves families *away* from permanent dependency.

Nor is it the only project of its kind. For example:

• Neighborhood Housing Services, begun in Pittsburgh also in 1966, has now expanded to nearly 200 communities across the country. The idea of NHS, working through existing community groups, is to get the local government to upgrade services to a declining neighborhood, to get financial institutions to agree not to "redline" the area, and to establish a high-risk loan fund to make home-improvement loans at low interest rates. (As NHS has expanded, the federal government has become involved in providing technical assistance at the inception of a program and sometimes in partially funding the loan fund.)

• Brothers Redevelopment, Inc., is a 10-year-old Denver organization founded by four residents to engage in construction, rehabilitation, and home ownership counseling for low-income families and the elderly. BRI has relied extensively on volunteer help from church, school, business, and community groups. Its annual budget has grown to about $2 million, drawn mostly from contributions. It receives some funding from government agencies for the administration of specific projects, as well as proceeds from the sale and rental of rehabilitated properties.

• Jeff-Vander-Lou was begun in 1966 in St. Louis by a clergyman, a retired teacher, and a small-business owner. With financing from lending institutions, the nonprofit organization has built and rehabilitated some 800 housing units. It has expanded into combating youth crime and encouraging business development in the area. Recently, with a grant from the Monsanto Corporation, it has developed a shopping mall as a major income-generating resource to support its social-service activities.

While housing is one of the major concerns of neighborhood groups, they have a similar record in activities directed toward crime, unemployment, health care, and the whole panoply of social services that people expect government to provide for the less well off although they are more often than not appalled by the attendant high costs and bureaucratization. Because these are neighborhood projects, their existence and the range of their activities are largely unknown to many of those who believe that cutbacks in federal spending mean that significant numbers of disadvantaged citizens simply will not be helped.

Interest in and awareness of local, community eforts is growing, however. Starting in 1976 with the publication of Peter Berger and Richard Neuhaus's *To Empower People: The Role of Mediating Structures in Public Policy,* the Washington-based American Enterprise Institute has had a special project to study the history and extent of neighborhood groups, churches, families, and ethnic groups— "mediating structures"—addressing human needs. There is now considerable evidence that mediating structures in our society have been stifled by the growth of government, not only by co-option of their functions but by the proliferation of regulatory requirements for service providers.

Economist Stuart Butler has studied a number of neighborhood organizations and distilled some common characteristics of successful ones: They arise in response to specific problems in their communities. In their early years, they are often kept on their feet by forceful, even charismatic, leaders. These leaders tend to be "amateurs" without social-service credentials, and they often use unorthodox methods to attack the problems at hand; appropriately, Butler calls them social entrepreneurs. As the groups deal with the specific issues that inspired their formation, they confront opportunities and obstacles that invite diversification and greater sophistication. Finally, the most effective groups are able to retain their entrepreneurial flair as they grow, in spite of attracting the financial support of established institutions that tend to impose establishment requirements.

Butler cites Philadelphia's House of Umoja as an example. It was formed in the late '60s to deal with escalating gang warfare. David and Falaka Fattah opened their own home to gang members and sought to create the atmosphere of an extended family, developing a code of conduct and elaborate ceremonies to act as a binding force. The drop in Philadelphia's gang-related killings from almost 40 per year in the 1960s to 1 by 1977 is largely attributed to the Falakas' program.

The House of Umoja went on to secure jobs for the gang members: it contracted with a local shopping mall to provide security services for the shops and escort services for the elderly. It developed a neighborhood block watch system and has now set up a Boystown that will own seven businesses that will provide goods and services to the community and training for the unemployed.

Establishing a profit-making subsidiary is a frequent tack taken by neighborhood organizations that retain their social entrepreneurship as they grow. It offers a more secure and independent funding source than reliance on grants and contributions. Butler speculates that it also tends to foster a businesslike approach that can help the group deliver its social services more efficiently and form a successful partnership with the local business community.

The National Center for Neighborhood Enterprise, located in Washington, D.C., was established last year to demonstrate and help develop private, neighborhood-based alternatives to public-sector assistance to the disadvantaged. Its president is Robert Woodson, who formerly worked on the American Enterprise Institute's study of mediating structures. Acting as a research and consulting network, the center aims to ferret out examples of successful neighborhood groups, analyze why they are successful, bring their experience to bear on other neighborhood groups, and guide interested groups in discovering their market advantage and developing income-generating enterprises.

Stuart Butler is optimistic that budget cuts, the "New Federalism," and the push toward "private-sector initiatives" are creating an enormous opportunity for neighborhood groups whose successes, notes Woodson, have gone "unrecognized, unnoticed, in fact assaulted," by the way government has been trying to help the poor. The image, then, of a gnat on the back of an elephant, called up by the example of one successful private housing program compared to the billion-dollar efforts of the federal government, may not be so devastating as it first seems. An elephant, after all, is big and fat, awkward and heavy-"handed." The gnat, however, is not alone, and gnats are small and can move quickly. And they multiply rapidly.

—E. M. & M. Z.

family. For a full year, under a lease-purchase arrangement, the Wyatts paid $183 a month to MNM, $40 of which went into an escrow account toward a down payment and the closing costs on the eventual purchase of the home. "It was a 'forced-savings' program," says Wyatt, "something that we needed at the time."

At the end of the lease period, during which the Wyatts received counseling from the ministry, they secured a $14,000 mortgage at Pittsburgh National Bank at an interest rate of 7½ percent. To cover the $5,000 balance on the purchase price of the home, the Wyatts obtained a second mortgage from MNM at 6 percent interest. The difference in interest rates on the two loans was enough to allow the Wyatts to make the monthly payments on both simultaneously. "Without the second mortgage," says Wyatt, "we wouldn't have been able to afford the house."

Butler emphasizes the gamble the bankers took back at the program's inception. "Without the assurance of the federal subsidy," Butler says, "these guys were relying on us—the counselors at the ministry—to come through and pull our clients into shape." Ordinarily, lending institutions require sizable down payments and an acceptable credit history before they will extend a mortgage on a home. The ministry's clients satisfied neither of these conditions. "We realized at the very beginning," Butler now says with much seriousness, "that if the program was going to work, if we were to keep the banks involved, the counseling had to be for real."

Butler himself served as the ministry's sole counselor at the beginning. Today, at Housing Opportunities, which has four full-time counselors and is recruiting and training a dozen more on a volunteer basis, counseling is still taken very seriously.

In order that the counseling of EHOP participants "be for real," stringent demands had to be placed on the participants themselves. Perhaps the harshest demand, and the most awkward for EHOP families, was that they divulge their full financial status and habits. The Walks, the first EHOP family, were instrumental in working out a monitoring mechanism.

Out of fear that the family's "impossible dream" would be lost, Rose Walk had started to keep a record of every penny that came into and left the family's possession. Her husband Bill recalls that "she'd write down what I'd spend on beer and cigars—everything. If someone bought a pack of gum, she wrote it down." Rose explains: "We were paying $95 a month rent at the projects and just getting by. Then, when we moved here, we had to make a monthly payment of about $135. So I started watching every cent." As a further disciplinary measure, the Walks immediately got rid of their few credit cards. With Rose's detailed accounting began the family's highly disciplined budget. This system became the model for other families in the program.

Allen Sethman, who is now the director of consulting and research at Housing Opportunities, was with the ministry during its administration of EHOP and has counseled participating families. A common reason for families dropping out of the program, he says, is the inability or unwillingness to establish a strict budget and abide by it. But this acts as an effective weeding mechanism: families that fail to meet their budgetary obligations—about 20 percent of initial participants, he estimates—are removed from the program.

Over the years, Housing Opportunities has refined its counseling methods and generated considerable revenue by selling its counseling services both to commercial lending institutions (it has developed a counseling program for delinquent mortgage holders) and to government agencies. Sethman directs this portion of the organization's revenue-producing activity.

For Jim Wyatt, who entered the program in 1973, it was "very uncomfortable at first" to sit down with someone he did not know and bare his finances. But after a short time of keeping careful track of the family's income and expenditures, Wyatt saw that they were living beyond their means and would have to discipline themselves if they were ever to get anywhere. "We started budgeting," Wyatt now says with great enthusiasm, "and started sacrificing. It was not easy, but that was the best education I got, and it paid off."

Today, talking with Wyatt, his sense of what he can accomplish seems nearly boundless. He and his family no longer live in the home they bought through EHOP. With the equity in that house, Wyatt made a down payment in 1979 on a three-story apartment building. (The financing, which he arranged on his own, is through a commercial lending institution.) He and his family live in the second-floor apartment (it is roomier than their old house) and the first-floor apartment and the third-floor studio (which Wyatt remodeled) are rented out.

But the Wyatts do not plan to stay in their present home much longer. They have purchased an open lot and plan to start construction on a home there next summer, retaining the apartment building as a source of income. When complimented on this remarkable achievement, Wyatt is quick to attribute it to the attitudes and habits acquired through participation in EHOP. "It was," he says quite happily, "the greatest thing that ever happened to me and my family."

By 1975 the Earned Home Ownership Program had established itself as a successful enterprise.

From the initial seven-home pilot project, the ministry had developed the program to include the renovation of old homes for EHOP families and had extended its activities into areas other than McKeesport. Nearly 40 families had been brought into the program. With EHOP expanding, the ministry's directors saw fit to establish a separate organization devoted exclusively to continuing its housing activities. With the assets from the program and grants from churches, corporations, foundations, and individuals, the Housing and Community Development Corporation—which changed its name to Housing Opportunities, Inc., in 1978—was formed. Jim Butler was installed as its executive director.

EHOP directors had by this time developed a commitment broader than helping people "earn" homes. They became dedicated as well to improving declining neighborhoods in Allegheny County (of which both McKeesport and Pittsburgh are part). It became a working premise of the new organization "that a high percentage of owner-occupied dwellings is essential to neighborhood stability," as Butler has time and again expressed the idea. It is to this double end—one, to revitalize neighborhoods by, two, increasing the number of homeowners—that Housing Opportunities directs its efforts. The home ownership program, in its expanded scope, continues to be the key element in the overall strategy.

By the end of 1982, 10 years after the program was launched, over 200 families will have acquired home mortgages through it. In reviewing the track record

of EHOP, one is struck by the fact that only two participants have defaulted on their mortgages (and both of these happened in 1982—during a recession). Banks and savings and loans are impressed by this. A dozen commercial lending institutions in the Pittsburgh area have participated in the program. Butler is convinced that it is the quality of the counseling that explains the program's success.

To the suggestion that the organization's very businesslike attitudes have contributed to its achievements, Butler responds, "We don't just *act* like a business—we *are* a business. That's the way I think of it." Allen Sethman, who directs the contracting out of the organization's counseling services, explains that having a businesslike viewpoint helps to restrain an impulse—to seek and become dependent upon government grants. "The bureaucratic style," he says, "is to waver—to turn the tap on and off unpredictably. It's hard to get things done under those conditions." Butler becomes very animated in his tirade against the inefficiency and impersonality of government agencies and suggests that as far as housing and neighborhood revitalization are concerned, "government has done more harm than good."

Some government money has come the way of EHOP participants and, in payment for services, Housing Opportunities, Inc. About 25 EHOP families have received federal subsidization through FHA 235, which was reinstated (in a revised form) under a 1975 court order. (Under the Reagan administration, no new funds were authorized for FHA 235 in 1982.) Various public agencies and municipalities have contracted with HOI to provide counseling for participants in government housing programs or to set up and administer EHOP, with government funding, in several communities (about 40 families have acquired mortgages in this way). Yet Housing Opportunities has kept EHOP itself—begun on the short-lived premise that government subsidies would be available for low-income families—from becoming dependent on government funds.

Butler often wonders why many other nonprofit organizations do not fashion a more businesslike self-conception. He points out that it was the entrepreneurial assessment of Housing Opportunities' areas of expertise that led the organization to form two income-earning entities to help support its ongoing work. In addition to its counseling and research services directed by Sethman, HOI has created Quality Craft, Inc., a home-building and home-improvement company. A wholly owned subsidiary of HOI, all its profits are donated to the parent organization. Jim Wyatt, the former EHOP participant who has bought a plot of land, plans to hire Quality Craft to build his new home.

It is fortunate for Housing Opportunities, given its aversion to having to depend on government funds to administer EHOP, that there exists in the state of Pennsylvania the Neighborhood Assistance Act (NAA). Passed in 1967, this piece of legislation allows corporations a substantial tax credit for donations to nonprofit organizations whose activities are directed toward alleviating poverty. Pennsylvania pioneered such a state tax credit; five other states—Delaware, Florida, Indiana, Michigan, and Missouri—have implemented similar programs.

Under the act, Pennsylvania's Department of Community Affairs is authorized to grant corporations an aggregate total of $8.75 million in state income-tax credits for such donations. A corporation may claim a credit of 50 percent of the value of donations, which may take the form of cash, property, or technical assistance. This means, then, that Pennsylvania corporations can contribute up to a total of $17.5 million to certified organizations and receive tax credits worth half that amount. A single corporation's credit is limited to $250,000 (which would be claimed on donations totaling $500,000). A further provision of the act, however, allows corporations to claim a 70 percent credit on donations to organizations whose activities have been deemed of urgent importance by the Department of Community Affairs.

Housing Opportunities, whose activities have been certified for the 50 percent credit in past years, was granted certification for the 70 percent credit in 1982. Butler thinks of the Neighborhood Assistance Act as a rare and sensible piece of legislation: through it, HOI has, since 1975, collected $500,000 in corporate donations, in property as well as in cash. "We can go straight to the area's corporations, show them what we're doing, and get the donations," Butler says. "We bypass the government agencies and build good, direct relations with the area's businesses."

Butler considers it of major importance to get the support of local businesses, to make them see the benefits they derive from the organization's work. "People who live in their own homes are often better citizens, better workers," he observes. "That improves the environment for businesses. Businesses should realize this; sometimes they don't, and it's our job to show them."

*It is an early Friday afternoon in mid-June. The unclouded sky is bright with sunshine; the temper-*ature is well into the 80s. On a short residential street in Garfield, a neighborhood at the eastern edge of Pittsburgh, a crowd of 20 or 25 people is milling about in front of a newly constructed house. In the dirt lot that will in time be the home's front lawn, stands an "Open House" sign. Inside the house, as plasterers add final touches, several people tour the two-story structure, surveying three small bedrooms, the sparkling kitchen, the backyard deck with its view of a large, green copse of trees across the way. Later in the day there will be a ribbon-cutting ceremony for the family who, through the Earned Home Ownership Program, will soon move into this house.

Jim Butler, who has been talking to various people in attendance at the function, drifts over to the house next door, which is approaching the final stages of construction. This house, too, will soon be home to an EHOP family. The design is split-level, and Butler comments that he personally prefers a two-story house. With characteristic attention to the future, he says that EHOP families will, within the next year, move into four more houses to be built on lots just up the street. But before much more can be said, the present intrudes on the future, for it is now time for the ceremony at the house next door.

A wide red ribbon has been stretched across the front doorway of the house. Standing by it are a young couple with two small children who cling shyly to their mother's knee. The man and woman are smiling broadly. In her hand the young woman holds a pair of scissors, ready to snip the ribbon at the signal. Posed thus, she cannot restrain a nervous giggle. Cameras click. Someone calls out, "Okay, cut." The young woman snips the ribbon, and the crowd applauds.

A spectator asks when the couple will move into the house. An answer comes from somewhere in the crowd—"Tomorrow." "Oh, that's good," says an attractive woman nearby. "Tomorrow's weather is supposed to be just lovely." ◻

Eric Martí is a free-lance writer. This article is a project of the Reason Foundation Investigative Journalism Fund.

THE FREE MARKETEERS

Optimists prevailed at the 1982 meeting of the Mont Pelerin Society.

BY JOHN O'SULLIVAN

"First the bad news. Chase Manhattan has merged with the Polish Central Bank. Do you want to hear the good news?"

"Good God, yes."

"The Poles are going to run it."

This joke, told to me with gloomy relish by a British journalist at the opening banquet of the Mont Pelerin Society's recent general meeting, symbolized the grim international background against which the society's deliberations began. The background was not so grim, of course, as when this group of free-society advocates first met in 1947 at Mont Pelerin, in the Swiss Alps. But as this year's meeting commenced in Berlin, there was a half-hysterical atmosphere abroad of bankruptcies and rumors of bankruptcies, of less-developed countries threatening to default if the International Monetary Fund insisted on attaching conditions to its bailouts, of major banks unable to persuade the market to accept their paper, of blue-chip corporations tottering into the abyss of depression and dragging banks and the rest of us after them.

Chief among the culprits of this hypothetical crash would undoubtedly be the Mont Pelerin Society's original favorite remedy for the inflation of the 1970s—namely, monetarism as preached by Prof. Milton Friedman (one of the original members of the MPS). Had not the French minister of planning, Michel Rocard, recently described the professor as "the assassin of our civilization, no less"?

ENCOURAGING SIGNS

But there was precious little sign of gloom at the society's meetings. When three days later I ran into my journalist friend, Graham Turner of the *Sunday Telegraph*, who had spent his time searching for Cassandras, he admitted that he had encountered instead two divergent schools of optimists. There were the conservatives (in the MPS context, this means monetarists, supporters of the "social market" or "corrected market" economy, and, er, conservatives) who believe that, in most advanced countries, prudent monetary policies had at last been instituted and that, though there might be a temporary period of high unemployment and a few spectacular bankruptcies, world inflation would continue falling and production begin to recover shortly in Britain and the United States. In an interview with Turner, Milton Friedman rated the prospects of a world banking collapse as

LICENSED TO UNZ.
ELECTRONIC REPRODUCTION PROHIBITED

"practically zero." All we are likely to see, he argued, is "large conferences of commercial bankers in pleasant spa spots" trying to reschedule their loans.

The other optimists were the smaller band of radicals (again in the MPS context, this means Austrian school economists and libertarians) who wanted to see a few banks allowed to go bust since this would signal that governments are in earnest in their fight against inflation. And anyway, if bad banks aren't allowed to fail, then the result will be more bad banks. The extreme, or "gold bug," wing of the radicals went further and predicted a complete collapse of credit, which they regarded equably as an excellent opportunity to sweep away the interventionist-inflationist state and start again.

There was, however, another reason for the lack of pessimism. The Mont Pelerin general meeting is, among other things, a very social affair. It opens with a formal banquet and closes with a ball, and in between there are day trips, receptions, a visit this time to the local Charlottenberg Palace (welcoming address by the mayor), cocktail parties, dinners, and all the fun of the fair. Wives, sisters, cousins, aunts, and in some cases husbands are in attendance.

The photographer is kept busy recording the meetings of humble society members with the great, the results shortly to appear in company magazines and faculty newsletters with such captions as: "Dr. X discussing the international monetary crisis with Professor Friedman" or "Professor Hayek congratulating Mr. Y on his recent monograph." Indeed, it is a nice judgment whether the conference should be covered by an economics correspondent or a society reporter. And the editor of REASON (who is a shrewd judge of form) may have thought he had solved the conundrum when he commissioned this report from me.

Personally, I neither carp nor cavil at the sight of people enjoying themselves. Inevitably, however, the social high jinks have led some to complain that the society's general meetings are too large and thus academically unfocused. But there is one unambiguously encouraging reason for the large numbers. In contrast to 10 years ago, when the younger European members came mainly from West Germany and Britain, there now attend quite a few refugees from the future—from Scandinavia, socialist France, the Benelux countries (now enjoying a revival of libertarianism), Spain, and Italy. Further, the intellectual leadership of the society, which not long ago seemed permanently fixed in American or expatriate European hands, now shows signs of recrossing the Atlantic as Continental scholars like Roland Vaubel of West Germany, Antonio Martino of Italy, and Pedro Schwartz of Spain emerge as major figures.

RESISTING SOCIALISM

Some of the younger Europeans made their mark in the discussions on Marxism and socialist thought that opened and closed the conference. These sessions began with excellent papers from Renato Miele and Hans Gotz, detailing the hidden inflation, declining productivity, and sheer economic incoherence that are part and parcel of Marxist economics in practice as well as in theory. But were these sessions really necessary? The second was entitled "The Challenge of Socialist Thought," provoking in me the query, What challenge? With the Berlin Wall only a few kilometers away, it scarcely seemed necessary to refute Marxism for the umpteenth time.

Not that Marxism deserves to escape intellectual enquiry altogether. Although socialist thought is today nugatory, socialism carries on winning not simply military but ideological battles for the minds of men. Socialism is like a zombie—dead, mindless, but apparently invincible. What we therefore need—and what the MPS might next turn its attention to—is a public-choice analysis of Marxism in Western society. Renato Miele hinted at this when he said that the Soviet failure was "not a happy conclusion for many individuals. It meant... damage to certain vested interests, not only of the intellectual type."

It is not just the *topics* that the MPS might reflect upon for future meetings. They might also consider *how* their meetings are to be conducted. The traditional format of academic paper followed by several comments from the platform followed by floor discussion is excellent for those occasions when the society is exploring new ground or establishing fine distinctions of opinion. There was just such a session on "the failure of government to perform its proper task," which elicited three fine papers from Charles Rowley, Henry Manne, and Shirley Letwin.

"Can government reform itself?" was the question at issue and, as with public-choice theory, the answers were discouraging. Letwin's beautifully written examination of the British campaign for a Bill of Rights reached the particularly depressing conclusion that some major proposals for reform—in particular, constitutional reform—are actually a means whereby politicians evade correcting specific, ill-judged legislative measures. (The application is surely obvious.) It was left to Professor Manne to restore our spirits slightly by pointing out that the mere existence of the Mont Pelerin Society (and, by extension, other groups promoting freedom) is itself a restraint on the expansion of government since "it is part of the natural pattern of creation of human interests."

What of those topics, however,on which there is a strong and passionately felt division of opinion within the MPS? Here, surely, the best method of discussion is the traditional debate that allows both sides to be evenly matched. Sometimes, of course, a debate arises spontaneously, anyway, and did so this year on the topic "The European [Economic] Community: Friend or Foe of the Market Economy?" Between them, Milton Friedman and Victoria Curzon-Price, who is an expert on EEC industrial and commercial policy (that is, she is against it) established that the EEC had diverted, rather than created, trade; had encouraged high-cost production in steel and agriculture; had set up in Brussels an economic bureaucracy with an intrinsic tendency to solve economic problems by central intervention; had not so much abolished tariffs as replaced them with subsidies, nontariff barriers, and investment controls; had encouraged companies *not* to specialize production since a company with plants scattered everywhere now has political influence everywhere; and had led to the deliberate creation of cartels, compulsory minimum prices (with fines for firms that breach them), and regulations requiring the *daily* submission of output and sales information.

These were fighting words, and the "Europeans" struck back. Mr. Arthur Seldon of the Institute for Economic Affairs in London argued that the EEC is an obstacle to any national government that wishes to "socialize" its economy. But Curzon-Price had already pointed out that "a common commercial policy will rapidly generate a far higher level of protection than individual countries responding to the same pressures." And what is true of protection is also true of internal economic organization, cartels, and so on. It is far more plausible to argue that the EEC will prove an obstacle to any national government that wishes to *liberalize* its economy.

DEFENSE CONSENSUS

There was less excitement than might have been expected in the session on defense. This is a subject that usually brings out the conservative/libertarian split within the MPS, and it has not been

(Continued on p. 42)

Using "RACISM" with Discrimination

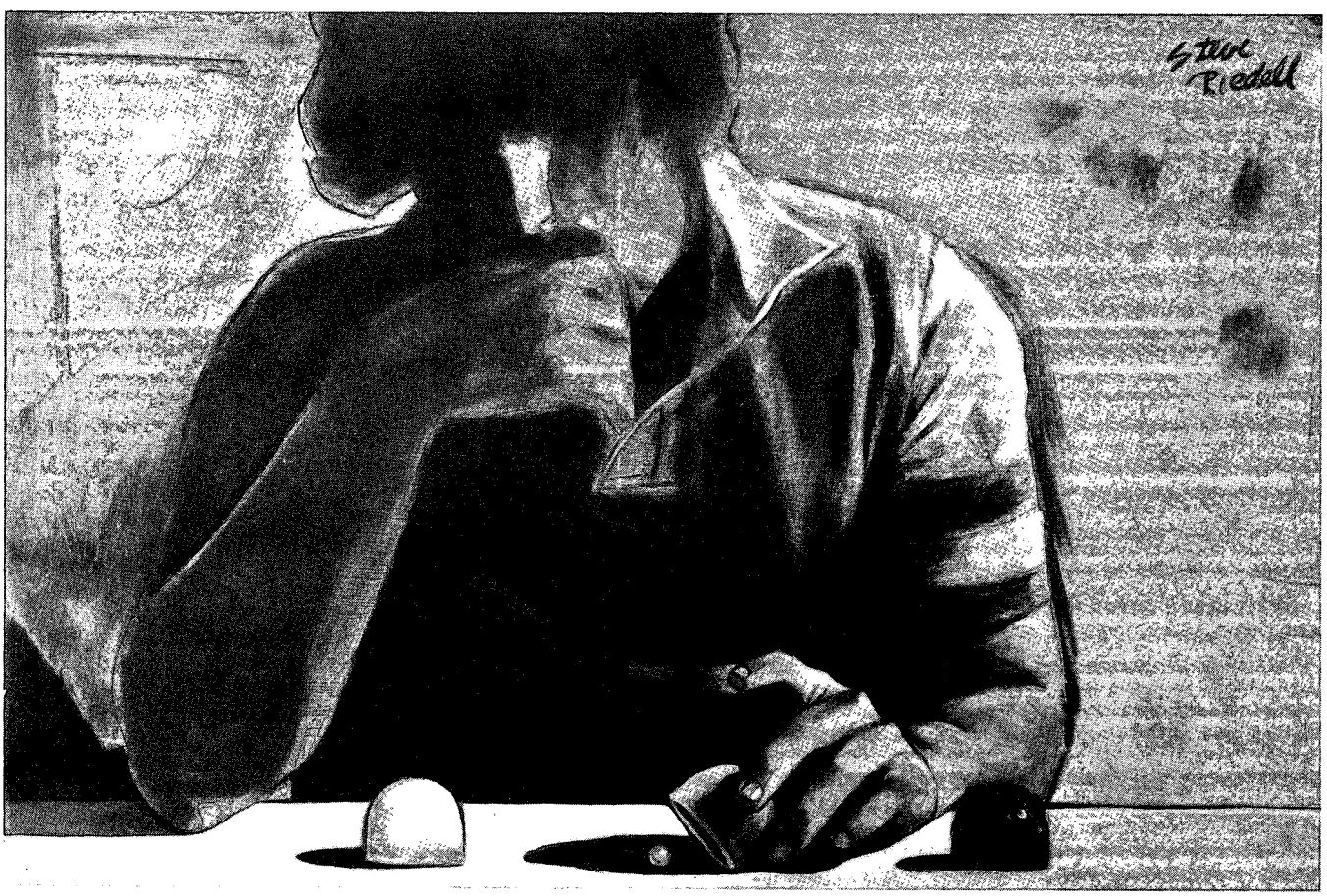
A noted economist challenges common misconceptions in this excerpt from his forthcoming book, The State Against Blacks.

By Walter Williams

ERROR IS NEVER SO DIFFICULT TO BE DESTROYED AS WHEN IT HAS ROOTS IN LANGUAGE. —Jeremy Bentham

WORDS CAN, AND USUALLY DO, have more than one meaning and therefore can be used ambiguously. Without a doubt, part of the confusion in understanding racial problems stems from the imprecise and ambiguous language used by scholars and laymen alike in discussing race. In analytical usage it is not only necessary to separate the connotative from the literal content of words, but precise and operationally useful distinctions and definitions must be made.

A good example of shifting definitions is found in the usage of the phrase *racial segregation.* If the average American were asked, Are public water fountains, libraries and theaters of the United States desegregated? a broad, if not unanimous, consensus would be reached that they are indeed desegregated. Then ask the average American whether the country's public schools are desegregated. For this question, a consensus would be virtually impossible. In fact, there are many legal ac-



Copyright © 1982 by Walter E. Williams Preprinted by permission of McGraw Hill Book Co. *Illustrations by Steve Riedell*

tions charging that schools are segregated, and there are just as many claiming that the schools are not segregated.

A little thought on the matter shows that the term *racial segregation* means one thing when applied to water fountains, libraries, and theaters and quite another thing when applied to schools, jobs, and housing. In the case of water fountains, desegregation means that if a black is at a water fountain and desires a drink, he is free to take one. In the case of public schools, desegregation "means" that the number of blacks is some preconceived percentage, say 12 percent, of those in attendance. If the preconceived numerical figure is not realized, then remedial measures are proposed or legislated. No one ever bothers to apply a similar numerical test to establish whether water fountains, libraries, and theaters are desegregated. And surely no one proposes busing of blacks to all white water fountains, libraries, and theaters for the purposes of promoting "social justice."

There are other terms and concepts used in the racial literature and debate which are just as misleading and confusing. My aim here is to point out the ambiguities and suggest operational definitions to see whether more light can be shed on public policy analysis.

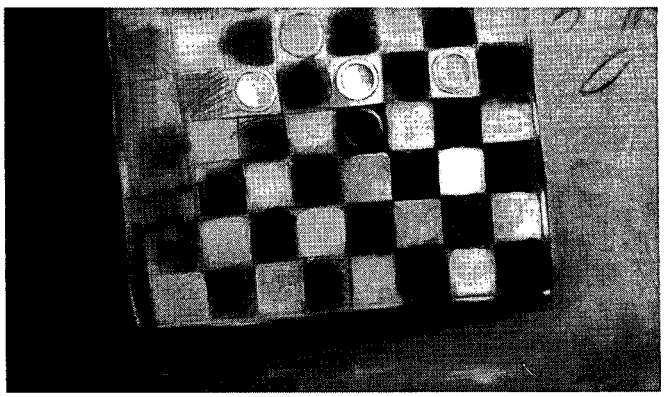
PEOPLE MAY HAVE LIKES OR DISLIKES or be indifferent toward many objects of desire. In everyday language as well as in economic analysis, an individual is said to prefer object A to object B if he places a higher value on A than on B. In economic theory, we postulate that each individual has a consistent set of preferences—that is, tastes—and chooses the combination he most prefers from the available alternatives. When we are speaking as economists, there are no objective criteria by which we can judge whether one set of preferences is "better" than another. We cannot prove, for example, that it is better or more righteous for a person to prefer the wines of Bordeaux to those of Burgundy or to prefer blue cars to red cars. The most we can ever say objectively is that, given his preference pattern and income and price constraints, the chooser is—or is not—doing the best he can.

This holds true as well when we come to individual preferences for physical attributes such as height, weight, "richly" endowed body, hair color, and so forth: these are solely matters of individual taste. And given that there are individual preferences for or against physical attributes in general, we expect people to exhibit preferences for or against physical attributes as well. Indeed, so far as our analysis is concerned, there are no conceptual distinctions between racial and other preferences.

It may be rejoined that racial preferences are not comparable to other kinds of preferences in the consequences they have for society and for individuals. However, although the indulgence of racial preferences has specific effects that the indulgence of preferences for certain wines does not have, are the preferences basically different? If so, how do they differ? The preference for Bordeaux wines "harms" Burgundy producers by reducing the value of resources that are held for Burgundy production. If the consequences of preferences are generally thought to reduce the value of some resources and increase the value of others, then it can be said that preferences for physical attributes have effects similar to those of other preferences. The essential difference—by no means small—between preferences for racial features and those for wines is that the latter are not as specialized as the former. In other words, if Burgundy producers see that consumers prefer Bordeaux, they will try to shift their resources to Bordeaux production. On the other hand, for example, people who are black cannot become white.

But the fact that racial characteristics are unchangeable does not put them in a class by themselves. Persons with average IQs are preferred to those with below-average IQs, and persons who are not physically disabled are preferred to those who are. In each of these cases the less-preferred characteristic is unchangeable and in each the less-preferred person suffers a competitive disadvantage. This disadvantage is to be expected. Disadvantage and advantage are inevitable consequences of differences in individual tastes, abilities, and traits, on the one hand, and freedom of choice in a democratic society, on the other.

IN THE LITERATURE ON RACE, *prejudice* is usually interpreted as meaning suspicion, intolerance, or an irrational hatred of other races. A more useful interpretation of *prejudice* can be found by looking to its Latin root meaning—"to judge before." Therefore, a prejudiced act may be thus defined as a



decision made on the basis of incomplete information.

Making decisions without *complete* information is necessary in a world of scarcity and uncertainty. Another common experience in a complex world is erroneous interpretation of the evidence. Moreover, different individuals may arrive at different conclusions even if confronted with the *same* evidence. Furthermore, any given individual may sometimes be quite unresponsive to changes in the evidence.

Consider a simple, yet intuitively appealing, example of how decisions are made on the basis of incomplete information (and perhaps erroneous interpretation of evidence). Suppose a fully grown tiger suddenly appeared in the room. A reliable prediction is that most individuals would endeavor to leave the area with great dispatch. In most instances, the individual response to the tiger's presence is not based on detailed information about the behavioral characteristics of that *particular* tiger. Instead, the response is based on the individual's stock of information and perhaps misinformation about tigers as a class. The response is based on a stereotype; the individual makes a prejediced decision. He makes no attempt to seek additional information but rather ascribes known or surmised group characteristics to the individual tiger. There abound examples of prejudiced behavior: not talking to strangers, running in response to rustling in the bushes, not buying dented cans of food, not recruiting employees from certain schools.

Decisions to prejudge are inextricably tied to individual judgments of what constitutes the right amount of information search. Information is not a free good; it is acquired by the expenditure of time, effort, and usually money. As a result, individuals can be expected to economize on information costs. For any of us, there will be a point at which the cost of acquiring one more unit of information is equal to the expected total gain from that unit. This means that additional information

will not be sought because the total cost would be greater than the added gain.

A vast number of decisions must be made during our lives. Some of them, such as deciding to greet a passerby in the morning, require relatively small amounts of information. Others, such as selecting a marriage partner, require relatively larger amounts. A person is not prejudiced or unprejudiced. Rather, a person always exhibits prejudiced behavior to the extent that he substitutes general information (prejudgment or stereotypes)—which is less costly—for more costly specific information. What distinguishes different people are their comparative degrees of prejudiced behavior when facing similar situations; some people will get more information than others prior to a decision.

In the literature on racial behavior, the word *prejudiced* is most often used pejoratively to refer to those whose optimum quantity of information is deemed by the observer to be too small. Behavior based on racial or sexual stereotypes is commonly viewed as making use of too little information and thus viewed as opprobrious—and in many cases, of course, it is illegal.

However, the quantity of information effectively collected before decisions are made is up to the individual's calculation: for there is no social standard or optimum amount of search that is applicable to all individuals in all cases. For example, for the prospective house buyer there is no socially determined optimum number of houses to be canvassed before making a decision. Instead, the amount of information collected by free individuals before acting is determined by and reflects, among other things, the skill of the individual in converting resources into information. The value of those resources is measured against the expected value of a "correct" decision.

Since all of us will seek to economize on information expense, we will tend to substitute less costly forms of information for more costly forms. Physical attributes are easily observed and hence constitute a cheap form of information. If a particular physical attribute is highly correlated with some less easily observed attribute, then the physical attribute may be used as an estimator or proxy for the other. The cheaply observed fact that an individual is short or an amputee or a Negro or a woman provides what some people deem "sufficient" information for predicting the presence of some other unobserved attribute under certain circumstances. Most of us, for example, if asked to identify individuals with advanced academic degrees *only* by observing race and sex, would assign a higher probability that white males would have such degrees than black males or women. Such behavior is what decision theory expects where *unobservable* variables must be estimated from *observable* variables.

DISCRIMINATION may be defined as an act of choice based on utility maximization. Racial discrimination is an act of choice whereby racial attributes provide the criteria for choice. In this view, racial discrimination does not differ in any fundamental sense from other kinds of discrimination. All selection necessarily and simultaneously requires nonselection; choice requires discrimination. When we preface the word *discrimination* with the word *racial*, all we do is to state the attributes selected as the criteria for choice.

Our lives are largely spent discriminating for and against selected activities, objects, and people. For example, many of us discriminate against those who have criminal records, who bathe infrequently, who use vulgar speech. Some employers discriminate against applicants who speak with a foreign accent or who have a low intelligence or cannot read or went to the "wrong" college. There is also evidence of discrimination in politics. Not many short men have been elected to the US presidency. Furthermore, personal discrimination is not consistent. Sometimes people discriminate against theater in favor of parties or against women in favor of men, and at other times the *same* people do the reverse.

When a choice is made on the basis of race, that choice *may* reflect the preferences of the chooser for a particular race, but it also *may not.* It is impossible for an observer to say for sure whether choices based on a particular physical feature reflect the indulgence of preference (tastes) *or* the attempt to minimize information costs (prejudice) *or* the recognition of real differences.

SOME MAY THINK my discussion of discrimination and prejudice renders the words meaningless, since it can be said that all human acts involve choice and all choices are based on incomplete information (as well as on tastes). But the discussion is useful because it permits us to avoid confusing one form of behavior with another. It enables us to see that certain kinds of choices—those made on the basis of racial, sexual, and other physical attributes—may be intelligent optimizing or may be the result of tastes. An example will clarify these points.

Suppose we are on a university campus where the racial and sexual composition of the student body is the same as that of the US population, and suppose we play a game of trying to identify students who can find the integral for the mathematical expression $\int x^2 dx$. Players are given *zero* information about the students' mathematical proficiency and may not communicate with students except to ask, "What is the integral?" In other words, players can distinguish between students only by observable attributes such as race, sex, mannerisms, dress, and speech accent. The pay-off from the game is $2,000 for each student *chosen by the player* who answers correctly, and the player loses $200 for each student that he chooses who does not know the answer. Finally, it is assumed that the payoff is sufficient to induce participation and that the player's sole objective is to maximize his winnings.

The player is in a situation where choices must be made on the basis of incomplete information. He is faced with identifying those observable attributes that will be the best indicators of student proficiency in calculus (the unknown and unobservable attribute). If he thinks that mathematical proficiency is equally distributed by physical attributes, his choice process will be essentially random. But if he thinks that mathematical proficiency is not randomly distributed, he must adopt a different (nonrandom) decision rule.

In his first cut at such a rule, he may decide not to choose females because he knows that women are not well represented in the quantitative sciences. (Note that such a rule might not be as valuable in the Soviet Union, where a greater

proportion of women enter the quantitative sciences.) In successive cuts at a decision rule, the player may discriminate against—not choose—Negroes, Puerto Ricans, and American Indians, perhaps reflecting his awareness that math skills are related to the quality of precollege schooling and that these particular minorities have historically received grossly inferior elementary and secondary education. In the end, the player may settle on a rule that confines his choices to males of Jewish or Oriental ancestry.

The fact that the choice may be made on the basis of race and sex is not the same as saying that there is a *genetic* or *causal* relationship between race or sex and mathematical proficiency. What is said is that these variables are *correlated* in the real world.

Suppose we relax the implicit assumption of neutral racial preferences and assume that instead the player has a dislike

for Jews and Orientals but still believes these groups to be disproportionately represented in the quantitative sciences. So long as we retain the assumption that the player seeks to maximize winnings, his decision rule—his prejudice, or decision-making on the basis of incomplete information—will not be distinguishable from that of a player with no particular racial preferences.

This illustrates an important point that is lost in most discussions of racial issues: choices made on the basis of race (or sex) do not always permit us to put the preferences of the chooser in unambiguous categories. Moreover, the example raises a question whether anyone should care if the player in the game chose to indulge his preference and not select Jews or Orientals. In our scenario (assuming that Jews and Orientals *are* disproportionately represented in the class of individuals knowing calculus), the player who because of tastes discriminated against Jews and Orientals would win less than other players. Even the most fervent advocate of civil rights would have little reason to seek a social policy that required anti-Jewish or anti-Oriental players to give Jews and Orientals an equal opportunity to be selected. The racist (or, for that matter, any individual who permitted his choices to be determined by economically irrelevant "preferences" of whatever kind) would bear the full cost of such an action. He would lose money.

For some reason, these points get lost in discussions of racial discrimination. We overlook the fact that not every discriminatory action reflects dislike of Negroes. For example: certain discrimination may come from the rational behavior of individuals minimizing information costs or confronting real differences in the market, whether that market is free or institutionally constrained. And we often overlook the fact that in a free market, economically irrational preferences will impose costs on whoever indulges them. Institutional restraints may render that indulgence costless to the indulger. If they do, the answer is to lift the restraints and reimpose the costs. In other words, to free the market.

When we are formulating policy, we must be careful to distinguish among the three sources of "discrimination"—preference, prejudice, and real differences. If we assume that racial tastes cause the problem we are addressing, when in fact the problem is caused by something else, our policy will be at least ineffectual and quite possibly harmful to its intended beneficiaries. Let us briefly look here at three areas where whites are generally charged with discrimination against blacks and where the assumption is generally made that the discrimination is based on racial preferences. These areas are hiring, home mortgages, and the prices ghetto shoppers pay.

MANY RECRUITMENT AND HIRING PRACTICES are said to reflect racial preference, but an alternative explanation can be drawn from our knowledge of hiring procedures. When a firm seeks labor, it must find out how productive those seeking jobs are likely to be and must train the persons it hires. Since this process costs money, the firm has an incentive to search for recruits that appear to have a high probability of success. If the firm believes there is an important relationship between a recruit's high school performance (and the quality of his high school), on the one hand, and employee productivity, on the other, it can reduce some of its recruitment costs just by knowing the job candidate's record (and high school). If a firm knows that blacks at grade 12 (regardless of transcript grades) are frequently three to five years behind whites in scholastic achievement, it can assign a higher probability to a white recruit's having the desired productivity.

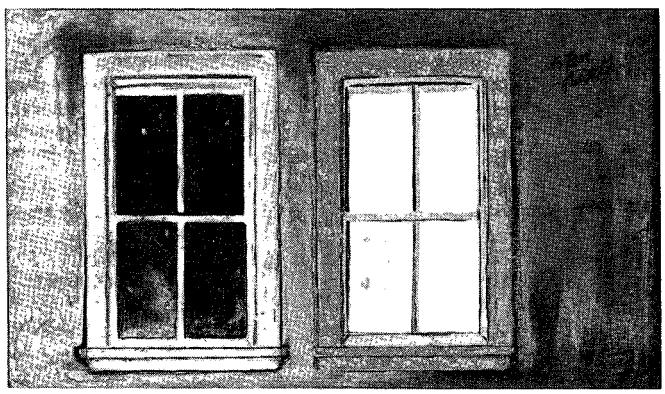
To the employer, then, skin color may be a first indicator of expected worker productivity. To observe a process that selects in part by skin color and to attribute the selection to taste (in this case, to employer "racism") would be misleading. It would be like concluding that auto insurance companies charge drivers under 25 years of age higher premiums because companies dislike them. Or that life insurance companies charge women lower premiums because the companies like women better than men. In both cases, a physical attribute may act as a general proxy for some other attribute (in the case of drivers, the higher probability of an accident) that is individually more costly to ascertain.

Suppose an employer who has racially neutral preferences *incorrectly* perceives that, on the average, a Negro worker is less productive than a white worker. What kinds of laws would cause him to seek more information and perhaps revise his perception? And what kinds of laws would discourage him from doing so? Clearly, he would be discouraged from seeking more information by laws that require him to pay all workers identical wages or laws that make it very costly to fire an employee. The reason is that laws or union rules that mandate a certain specified pay for a particular job reduces the incentive for experimentation. At a given pay level, the employer quite rationally hires that employee whom he perceives as more productive. The basis for the perception can be sex, race, accent, demeanor, school, and other factors. The existence of laws or union rules that make it difficult to fire a worker reinforces the reluctance of employers to experiment in hiring. The reason is that if his experimentation turns out to be a mistake, the employer has to incur additional costs to reverse the error.

This kind of behavior by employers is just a special case of a general principle that all people employ in their conduct. A brief example will demonstrate it. If a new, unheard-of supermarket located in an area in the presence of established super-

markets, how would it entice customers (employers of food) to try it out? The standard way is to offer "sales," that is, sell some of its merchandise at a lower price than charged elsewhere. Customers have additional inducement to experiment with the new supermarket because if they are dissatisfied they need not come back—they "fire" the supermarket. Now suppose there is a law or rule (1) requiring that all supermarkets charge the same price and (2) stipulating that once a customer chose a supermarket he had to stick with it; he could not "fire" it. The response of customers to the new supermarket would be obvious: Why try it?

SOME OF THE PRINCIPLES discussed above apply to "redlining," a practice whereby banks and other lending institutions refuse to grant mortgages for homes in certain neighborhoods. Because the practice most often applies to



minority inner-city poor neighborhoods, the national debate about it has focused on its racial aspects, with banks being labeled racist.

Forgotten in much of the debate is the existence of regulations that place ceilings on the interest rates banks can charge for home mortgages. Given these ceilings, banks have an incentive to ration credit—namely, to lend money to those whose perceived creditworthiness is appropriate to the permitted legal interest rate. It turns out that, for a number of reasons, the probability of default per dollar lent is greater in some neighborhoods than in others. Moreover, several laws designed to protect borrowers make the collection and eviction of debtors who are in default more costly to bankers. These circumstances reduce the probability of earning normal profits in some neighborhoods.

Thus, redlining need not be a result of bankers' racism. In many cases (perhaps almost all) it occurs not because bankers are unwilling to make home loans to inner-city blacks but because the inner city is not perceived as a profitable market at the state-imposed interest rate ceiling. The real villain in the redlining issue is the legislature that imposes, say, a 10-percent interest rate ceiling. Such a ceiling in effect says that if an applicant is not a good enough risk for a mortgage at 10 percent, he will not get a mortgage at all—although without a ceiling he may get a mortgage at a 15-percent rate. Interestingly, black-owned banks that do not find the ghetto an attractive place to make loans are not called racist, and we should note that most black-owned banks invest more of their loan portfolio *outside* the community in which they are located than do white-owned banks.

Public policy directed at supposed banker racism will miss its mark and may, like affirmative action in lending, exacerbate the credit problems of blacks. Banks will simply move away. An effective policy would examine cost conditions in inner-city ghettos and remove or change state usury laws. Once again, what is prejudice or perhaps a recognition of real differences is misdiagnosed as "preference"—with predictably poor policy results.

DURING THE MID-1960s it was widely alleged that white merchants in ghetto areas exploited their customers by charging higher prices and selling lower-quality merchandise there than they did elsewhere. The merchants, it was said, were trying to earn supranormal profits as a way of acting out their racial hostility toward Negroes. But it turns out that racial hostility by merchants could not adequately explain ghetto prices.

Prices were indeed higher in ghetto areas, and several studies showed that retail food chains followed different pricing policies in ghetto and nonghetto areas. With these findings in hand, the Federal Trade Commission, along with consumer advocate groups and public interest lawyers, attempted, through public pressure, to require that ghetto merchants offer their customers the same terms of exchange offered in nonghetto areas.

But to view the merchants' behavior as exploitative or racist ignores the fact that ghettos tend to present a high-cost business environment. Losses from business-related crime are higher there than elsewhere as a percentage of total sales; business, fire, and theft insurance premiums are also higher; and extension of credit is riskier. In addition, because of the low income of ghetto residents and its effect on sales mix and volume, merchandising techniques used to lower sales costs in nonghetto areas are not readily adaptable to ghetto areas. Much of the behavior that critics have condemned is merely an economic response to an environment that raises the cost of doing business. If products and services are to be provided in the ghetto, prices must reflect their higher costs.

Evidence substantiates this explanation of merchant behavior. The Federal Trade Commission has shown that while gross margins were higher in ghetto areas, the difference was more than accounted for by higher operating costs, and the return on equity was considerably lower in the ghetto than elsewhere. The assertion that supranormal profits were earned becomes even less credible when we recognize that retailing is characterized by relative ease of entry, so that if supranormal profits existed, merchants would open new businesses until profits in ghetto and nonghetto areas were equalized. The opposite of this has occurred in urban areas: businesses have left without being replaced. Furthermore, none of those who attributed the prices charged by white merchants to racism noted that the prices charged by Negro merchants were about the same.

The crusade that blamed the problem of the ghetto consumer on the greed and racism of whites may well have reduced the welfare of the ghetto consumer. The adverse publicity and boycotts (and other actions) against merchants in ghetto communities gave these merchants increased reason to move out. The result is fewer neighborhood stores, with shoppers being forced to travel longer distances or pay even higher local prices than in the past.

I have sought here to give operational meaning to the terminology used in the analysis of race and to extricate that analysis from some of the emotive language in which race is so often discussed. Dispassionate analysis and a clear meaning of language are two minimal requirements for effective policy. ◻

Walter Williams is a professor of economics at George Mason University and a syndicated columnist. This article is excerpted, by permission of the publisher and the author, from his just-released book, The State Against Blacks *(McGraw-Hill).*

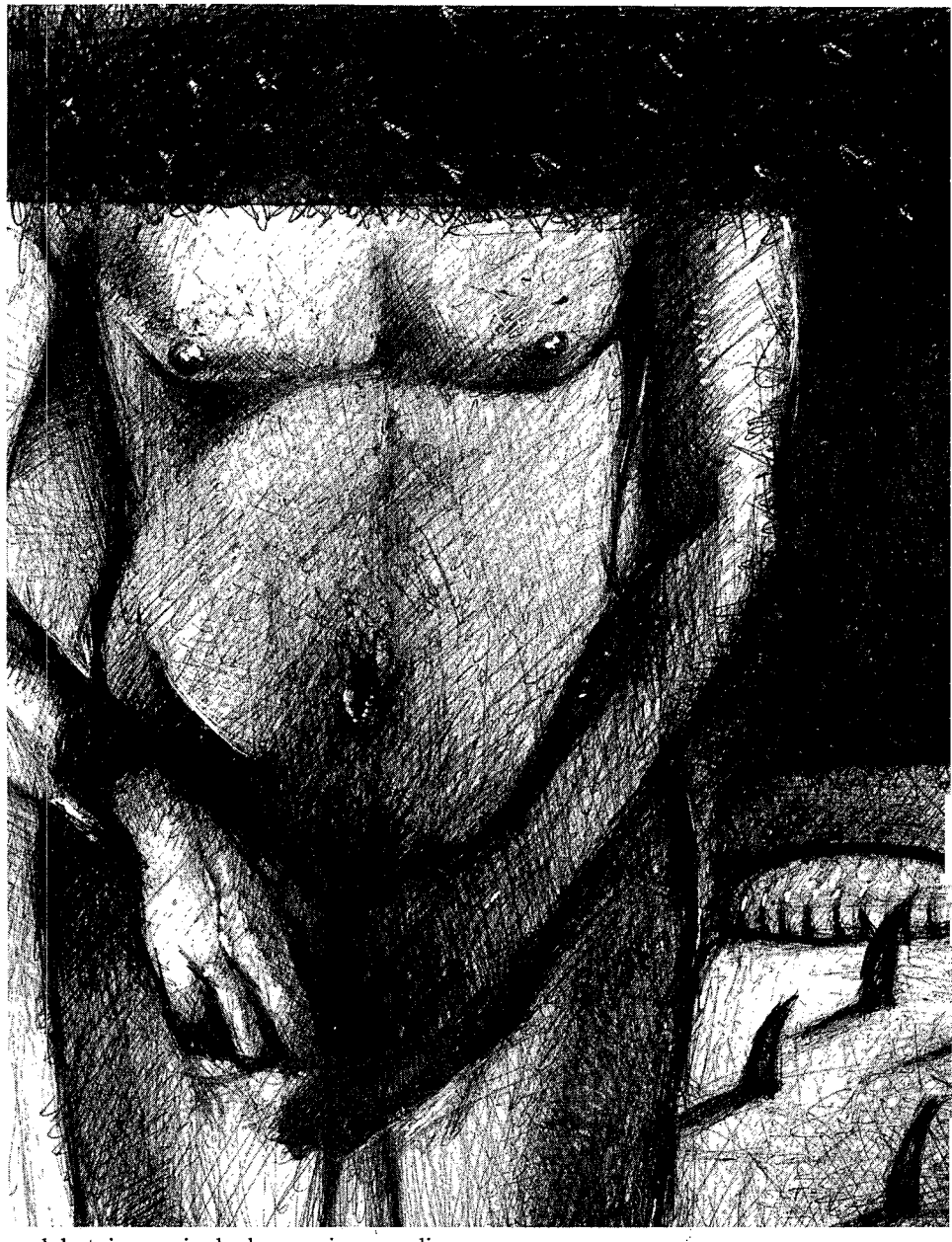
"I consider women's liberation and gay liberation to be part of the same thing: a weakening of the moral standards of this nation. It is appalling to see parades in San Francisco and elsewhere proclaiming 'gay pride' and all that. What in the world do they have to be proud of? They're immoral, perverted and disgusting....Men and women who allow themselves to be led blindly by the philosophies and teachers involved with gays, feminists and abortionists are courting their own destruction. Anyone who goes up against his or her God-centered nature invariably destroys himself in the long run."

These aren't the words of the Rev. Jerry Falwell, though Mr. Falwell would approve them. They appeared under the byline Nancy Reagan, in a newspaper called *The Globe* in March 1981. This isn't the same *Globe* that dominates journalism in my home town, Boston; it's something of a tabloid, and until a conservative friend sent it to me, I hadn't known of its existence. You can find it in selected supermarkets next to the *National Enquirer.* It sells for 40 cents the copy, and no home is complete without it.

I don't quote the paragraphs attributed to Mrs. Reagan because of her standing in the philosophical community, nor because I have any reason to think that her husband necessarily shares her every view, nor even because I don't have some doubt about their authenticity. There is at least some reason to wonder just how the article came to *The Globe* and whether, if they *are* the words of Nancy Reagan, they are as current as the publication date suggests. I quote them, however, to demonstrate the pervasiveness in some sectors of the populace of views that we might once have thought, and that some people might still hope, are confined to the rantings of the backwoods preachers and Moral Majority pamphleteers. That no vehement denial of the remarks attributed to Mrs. Reagan has come from the White House indicates either that they are properly attributed *or* that the White House clipping service is inadequate *or* that nobody with the authority to do so thought them bizarre enough to warrant some official distancing from them.

Whoever wrote the article attributed to Nancy Reagan is a recruit, whether consciously or not, to a mighty and some would say holy crusade: a war against sex. This war is waged now by an informal but increasingly harmonious coalition of organizations like Moral Majority, Christians for Reagan, the National Coalition for Decency, Phyllis Schlafly's Eagle Forum, Religious Roundtable, Evangelism Explosion, Christian Women National Concerns, the National Pro-Life Political Action Committee, the National Conservative Political Action Committee (NCPAC), Intercessors for America, and the like.

The targets of this war are selected political candidates and various "immoral" groups, people, and thoughts. What for simplicity's sake we call the New Right is committed to a political strategy for seizing America. It is moved

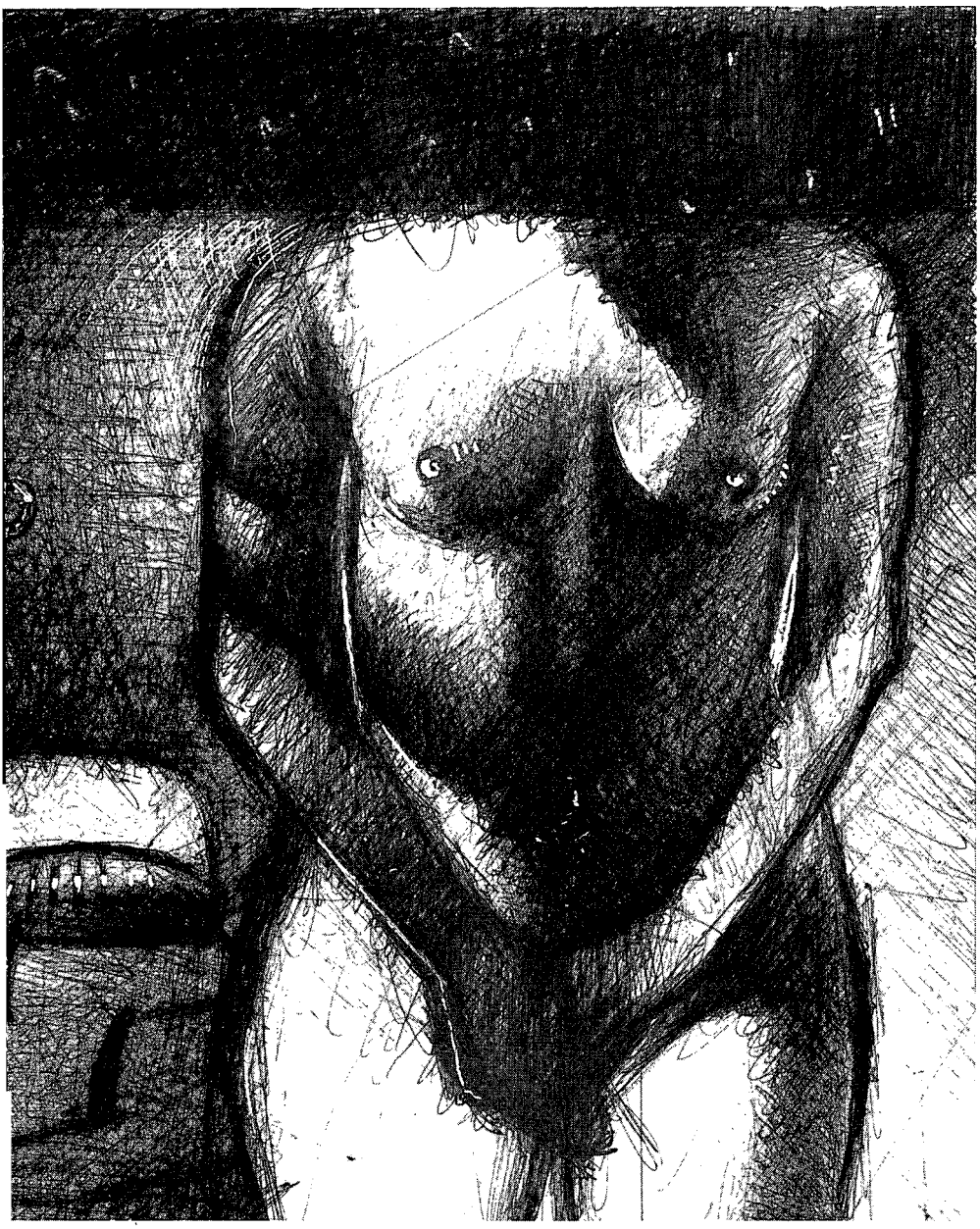


The Mi
Positic

The New Right's political str

By Dav

Copyright © 1982 by David Brudnoy



ɜionary's on Sex

ν is energized by The Big Issue.

Brudnoy

by a complex of attitudes, fears, hatreds, and highly emotional crusades, and it is energized by sex and sex-related matters.

Not that the New Right opposes all sex, else there would be no future generations of Moral Majoritarians to impose their will on everybody else. But outside of heterosexual relations within marriage, all sex is bad. Let us call such sex Sinful Sex. Sinful Sex is worse than murder, at least according to the executive director of Moral Majority, the Rev. Robert Billings, who served as liaison between Mr. Falwell and the Reagan campaign in 1980. At present, Mr. Billings is well-situated within both the Christian Right and the Reagan administration. According to the Fall 1980 issue of *Record*, a publication of Evangelicals Concerned, which has the remarks on tape, Mr. Billings said: "I know what you and I feel about these queers, these fairies. We wish we could get our cars and run them down while they march."

I am not an attorney, though I am deputy sheriff of two Massachusetts counties, and if I remember the law correctly, running people down with automobiles with malice aforethought is a crime in every state in the union. Perhaps God has dictated to Mr. Billings that He, or She, will look the other way if we get in our cars and run down these queers, these fairies.

The Rev. Mr. Billings is not alone among Moral Majority officials in championing the cause of virtue against gay people. Greg Dixon, Moral Majority's national secretary, preached a sermon at the Indianapolis Baptist Temple on August 8, 1977, in which he said of homosexuals, "I say either fry 'em or put them in the pen. Don't unleash them on the human race. . . . I don't know how in the world you can get a society that won't even put their murderers to death, I don't know how you can ever get them to put these homosexuals to death but God's word would uphold that. They which commit such things are worthy of death."

Mr. Dixon reiterated his remarks in March 1981 on a WIND radio program in Chicago, speaking then as a representative of Moral Majority, which hadn't been formed in 1977. In the more recent statement, in response to the question, Would God's word allow a society to execute homosexuals? Mr. Dixon said, "Absolutely correct." But he appeared vexed to be pressed on the execution proposal and indicated that he would settle for something less: "I believe that homosexuals ought to be in jail, I certainly do."

Homosexuality is just one of the monstrous sins against which the New Right–Christian Right missionaries rail. The Rev. Dan Fore, head of the New York State chapter of Moral Majority, who has expressed exceedingly sanguinary views about homosexuals, also acknowledged that he is now giving serious thought to working for the execution of women who have abortions; these women are "murderesses," said Fore at a meeting of the National Coalition Against Censorship.

Illustration by Larry Carroll

We have all heard the views of Mr. Falwell and his comrades, and extensive quotation is unnecessary though blood-curdling. The "conservatism" that emerges from an analysis of the writings and preachments of these people is of course not the type of conservatism that Russell Baker of the *New York Times* has called "conservative chic... the ideology where the fun is... an ism whose time is here." It is authoritarian conservatism, not libertarian conservatism or fusionist conservatism; it is the conservatism not of the Grand Old Party but of those who have already leaped off the Reaganite ship in search of a new savior to press the social agenda on a supine America.

Authoritarian conservatism stresses order and the binding fabric of society: home, family, church, constitutional government (so long as the First Amendment isn't taken seriously)—a matrix of stability within which liberty, or at least its hamstrung interpretation of liberty, can function. Authoritarian conservatism preaches hot and heavy against the monster state in matters economic; it opposes the cancerous spread of bureaucracy; it dwells on the necessity for firm military action to oppose Communist dictatorships and to bolster non-Communist dictatorships; it fights forced busing and abortion and deficit spending and SALT treaties and the ERA and sex education in the schools and sex at all on television and radio and in movies and books, all of which media are assumed now to be solidly in the hands of "pornographers."

In their war against today, the authoritarians take on yesterday, as well. Tim LaHaye, another Moral Majority official, wrote in his 1980 book, *The Battle for the Mind*, that "the giant replica of Michelangelo's magnificent David stands nude, overlooking that beautiful city [presumably Florence]. Quite naturally, this contradicts the wisdom of God, for early in Genesis, the Creator followed man's folly by giving him animal skins to cover his nakedness.... The Renaissance obsession with nude 'art form' was the forerunner of the modern humanist's demand for pornography in the name of freedom. Both resulted in the self-destructive lowering of moral standards."

From Michelangelo to Moynihan: In the March 5, 1982, issue of *National Review*, George Gilder, house theorist to the Reaganauts on matters of wealth and poverty, explained why he does not number himself among the neo-conservatives. You see,

"They are willing to palter over quotas while wives and daughters are drafted into the military. They stay fastidiously aloof while a flood of pornography—propaganda for degradation and viciousness that must be seen to be believed—engulfs our nation's youth. I have no doubt that at some future date, when these trends have reached some climax sufficiently catastrophic, the Neo-Conservatives will... finally grant, in essence, that Ernest van den Haag and Billy Graham were right about pornography; that Anita Bryant knows more about homosexuality than does the American Association of Psychiatrists; that Phyllis Schlafly is better at defining national priorities than is Daniel Patrick Moynihan; that the Moral Majority is a more valuable and responsible movement in our politics than is the Coalition for a Democratic Majority.

"Until then, though, the Left will maintain the initiative. Millions of American boys will be told in sex-education classes that their adolescent lusts may signify a homosexual fixation, that pornography and promiscuity provide a healthy release of tensions, that contraceptives and abortions have removed the constraints of conventional morality, that families are outmoded in an overpopulated world, that religion is a form of bigotry and superstition. Only the New Right understands the urgency and extremity of these issues."

So the graceful prose artist of supply-side returns, in the pages of the leading journal of mainstream conservatism, to the themes he enunciated years ago in *Sexual Suicide—and* apologizes in his "Why I Am Not a Neo-Conservative" for having once written a book that "bitterly denounced the New Right and Phyllis Schlafly as well." The know-nothingism that typifies the New Right is now, if not totally mimicked, then at least vigorously defended by the leading lights of the responsible right.

No better instance of this comes to mind than the illuminating case of Senator Barry Goldwater, once "Mr. Conservative." When Goldwater expressed his disdain for the Moral Majority's desire to "dictate their moral convictions to all Americans" and said that "every self-respecting Christian ought to give Jerry Falwell a kick in the ass," those who once stood most enthusiastically for Goldwater abandoned him, with lesser or greater degrees of disgust.

Patrick Buchanan, the most vicious of the New Right columnists with an audience beyond his own true believers, took to his column to remind Goldwater that the senator's use of the term "uncompromised idealism of religious groups" comes ungracefully from the man who in 1964 allowed for extremism in the defense of liberty. William F. Buckley, Jr., urged Goldwater to "retreat from the line he has taken" on the religious Right, and William A. Rusher reminded his readers that Goldwater has always had "grave doubts about the so-called social conservatives."

So the leading light of the Moral Majority, Jerry Falwell, and those who float around him in the New Right–Christian Right axis are now to be defended, even championed, by people in the center column of conservatism who once upon a time would have considered Falwell a swamp rat and his adulators primitives. It is not accidental, I think, that the most important journals of the mainstream conservative movement have increasingly taken to writing of sexual matters in terms virtually indistinguishable from those employed by Mr. Falwell. Sexual matters are mighty energizers in the rhetoric of today's conservatism.

Sexual *behavior* is to be regularized such that only heterosexuality within marriage can be approved. Moreover, writing *about* sex, or broadcast material containing sex, is to be suppressed. The Rev. George A. Zarris, Illinois chairman of Moral Majority, calls for book burning, while the kindred souls of the Joelton Church of Christ in Nashville, Tennessee, organize themselves to punish the advertisers of "morally offensive" programs like *Saturday Night Live* and *Dallas* and *The Newlywed Game.* The Rev. Donald Wildmon's Coalition for Better Television singles out for attack *Real People, Diff'rent Strokes, Love, Sidney, Fame,* and *Gimme a Break.*

What the networks are trying to do, knows Wildmon, is inflict homosexuality and other horrors on America. In his column in *Conservative Digest,* we learned last year that the networks "think if they keep trying, they can get something on which makes the homosexual lifestyle funny and therefore acceptable." In the next month's issue of the same magazine, Mr. Wildmon shared his mail with us, including letters criticizing a PBS broadcast of a Masterpiece Theatre program wherein, "with no warning whatsoever, a scene showed a man and woman totally naked in an explicit act of fornication." Not only that, but Wildmon reprinted part of another shocked response, this "from a PhD: 'There was actual, visible nudity and passionate bedroom scenes.' "

You must understand what is happen-

ing, as Jerry Falwell told us in one of his mass mailings. What's happening here in America:

"Known practicing homosexual teachers have invaded the classrooms, and the pulpits of our churches. Smut peddlers sell their pornographic books—under the protection of the courts! And X-rated movies are allowed in almost every community because there is no legal definition of obscenity. Meanwhile, right in our own homes the television screen is full of R-rated movies and sex and violence....Our grand old flag is going down the drain....I believe that the overwhelming majority of Americans are sick and tired of the way the amoral liberals are trying to corrupt our nation from its commitment to freedom, democracy, traditional morality, and the free enterprise system." Accompanying this particular mailing was a petition on "Moral Issues," with five questions, on: abortion, pornography, homosexuals, school prayers, and military strength. In that order. In case you missed the point, we're falling behind the Commies because *Love, Sidney* is allowed to remain on TV.

The censors have virtually no opposition on the right, save possibly James Jackson Kilpatrick. Joining Jerry Falwell's Moral Majority and Phyllis Schlafly's Textbook Censorship Committee, along comes the Educational Research Analysts, which amounts to Mel and Norma Gabler, who have boasted of their success in banning, altering, restricting, or challenging over 250 books, among them *The Diary of Anne Frank, The Grapes of Wrath*, and *Future Shock*. The Gablers have received extensive press coverage for their national campaign to ban books, but they are only the tip of the iceberg.

Add to the Gablers:

—the Pro-Life Action League, which has attacked Ann Landers as a "lethal threat to the unborn" and an "ill-informed, secular-minded commentator misleading the public."

—the New Life Interfaith Chapel in Udall, Kansas, which burned hundreds of books, records, magazines, and paintings, among them *Brave New World* and *The Hobbit*.

—the Eagle Forum, Lafayette, Georgia, which sued to forbid the county board of education to use a supplemental high school sex education text, even though the book is used for only two weeks, in sex-segregated classes, and is taught to students who have their parents' consent, not to others.

—the Eagle Forum in St. David, Arizona, which banned a series of reading books as "anti-family" and succeeded in removing every book from one high school literature class, including classics by Conrad, Hardy, Hawthorne, Hemingway, Homer, Poe, Steinbeck, and Twain.

The world is turning against the good folk. Bob Jones III, president of the school that bears his family name, not only called for divine retribution on Secretary of State Haig but also preached to the congregation at Bethel Baptist Church in Schaumburg, Illinois, that President Reagan "broke his promise to us when he took on Mr. Bush, a devil, for his vice-president....Mr. Reagan has become a traitor to God's people.... This is fast becoming a God-hating, devilistic country that I can't be loyal to any more."

The chosen of God know that America is going to the devil, and to alert us to that fact, they have found that sex works best as the catalyst to action and as the key to unlock the door to contributions. They wage the war on many fronts, against perversion, evil, communism, anti-Americanism, satanism, secular humanism, promiscuity, pornography, homosexuality, obscenity, and other incarnations of Sin. The Rev. Robert G. Grant, head of Stop Gay Power/National Action Center, part of American Christian Cause, is typical of the current approach. In a flyer sent out last year, complete with endorsements of American Christian Cause from Pat Boone, Sam Yorty, Lawrence Welk, Art Linkletter, and former Los Angeles police chief Ed Davis, Reverend Grant explained what's eating at him, this as he asked for a donation.

"I'll do my Christian duty! YES, Rev. Grant—you can count on me to help you stop ABC's homosexual series and defeat the militant homosexuals and other immoral, anti-God forces in our country. So the American Christian Cause National Action Center can launch the mass-media Christian counter-attacks needed to restore Biblical morality and Godliness, I'm contributing my tax-deductible gift of...." Such examples are legion.

And the point is simple. Specific political issues may or may not bring out the troops and bring in the dollars, but so-called family issues almost certainly will do both. Ideally, the New Right–Christian Right combine likes to wed sinful sex to sinful politics. *The New Right Report*, a newsletter put out by the Richard Viguerie organization as an adjunct to its monthly, *Conservative Digest*, makes the connection explicit. In the last issue of 1979 we learned of the "45 specific communist goals taken from communist sources," among them: "Eliminate all laws governing obscenity by calling them 'censorship' and 'a violation of free speech and free press' " and "present homosexuality, degeneracy, and promiscuity as 'normal, natural and healthy' " and "discredit the family as an institution," not to mention that undying passion of Lenin, "internationalize the Panama Canal."

As *Inquiry* magazine calls them, the "moral imperialists" have not only pushed for the so-called Family Protection Act but have supported efforts to legalize unlimited surveillance of citizens, to find out what individuals do sexually. As Jere Real, a citizen of Lynchburg, Virginia, Jerry Falwell's home town, has pointed out in several articles in recent years, the head of the Moral Majority regards any defense of privacy in matters sexual as verification of evil.

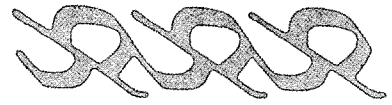
Advocates of the Equal Rights Amendment are opposed by the Bible, insists Falwell. Women are "the weaker vessel" to be kept under the "Lordship of Jesus Christ" and their husbands. Leaders of the feminist movement are "blasphemers" and the feminist movement is "a satanic attack on the home" led by "uncaring women who have failed."

The right wing makes war not only against Satan's minions but against its own, with sex as the weapon. The presidential candidacy of Rep. Philip Crane, Republican of Illinois, though probably doomed from the moment Ronald Reagan entered the race, was dealt a blow from which it never recovered, this coming from an attack mounted in the pages of the *Union Leader* of Manchester, New Hampshire, the nation's most prominent conservative daily newspaper. Even though the *Conservative Digest* has frequently offered America a Philip Crane who stood as the epitome of family regularity, the *Union Leader* contended that Crane's wife was a harridan and that both Cranes were and are incorrigible party-goers and hard-drinkers to the point of obnoxiousness and, most important, that Mr. Crane had boasted of his intention to "bed" 1,000 women before he hangs it up.

When Crane bit the dust, the right wing simply shifted gears and used sex against President Carter. The *Review of the News*, weekly magazine of the John Birch Society, chided the incumbent for turning "the memorial to our brave war dead into a Tomb of the Unknown Sodomite." This because the Gay Activists

Alliance of the District of Columbia had applied to the Department of the Army for permission to "lay a wreath on the Tomb of the Unknown Soldier at Arlington National Cemetery to honor any sex deviants who might have served in the military." The connecting reed is thin, but when you have sex in hand, you can hit with impunity.

The strategy in almost every single New-Right broadside is to align sinful sex, sex that is not sanctified by heterosexual marriage, with bad politics. Rock and disco music are Satan's tunes; the SALT treaties are Beelzebub's sell-out to the Commies. Nudie movies will corrupt America's youth; Justice Sandra O'Connor will sanctify the killing of babies. Billy Jean King has ruined tennis. Marijuana is rotting the brains of our youths; Tony Randall, if allowed to play in *Love, Sidney* on TV, will warp us all.



So along they come, these walking telegrams from Heaven, to clamp a chastity belt on America. They dwell primarily on matters sexual since this is the absolute bottom line in the crusaders' litany of complaints. It's as American as apple pie, this morbid fascination with sex and the attendant effort to wish it away. *Their* Jesus, you see, created only nice people like them; somebody else created all the unspeakables. H. L. Mencken might be amused though not surprised to see these folks reworking for us his definition of neo-puritanism: the haunting suspicion that someone, somewhere, may be having fun.

Those organizations that, collectively, we refer to as the New Right reduce at last to a gang of bully boys pushing their prejudices and masking their self-doubts, parading their self-righteous conviction that they have a direct pipeline to God. The New Right casts everything in the form of a crusade—ostensibly several crusades, but actually one all-consuming crusade to rid America of evil by ridding America of Sinful Sex. Abortion, of course, is anathema, but so are birth control and sex education, which might help cut the growing number of abortions. The ERA is to be defeated not only nor even primarily because it could prove to be a Pandora's box for inane judicial rulings but principally because it could lead to coed toilets and, more bizarre, in some indirect way to the validation of that most terrifying perversion of all, homosexuality.

Whatever minimal restraint is now and again shown in the New Right's incessant rhetorical diatribes against unacceptable sex, it is thrown overboard when *that* subject arises. It arises so often in right-wing literature that anyone coming freshly to the material might assume that the whole nation had succumbed to mass forced conversion to homosexuality. In fact, we know from the sad case of former (and would-be future) Rep. Robert Bauman that demon rum leads directly to homosexual "tendencies." But if you will only join the army of the Lord to save America, the right-wing will save your soul, too.

We are witnessing today the proliferation of crusaders hell-bent on repealing the 20th century, masquerading as good Christians while calling for the blood of others. The movement of people like Jerry Falwell from the backwaters to national notoriety is a vivid symbol of the current American receptiveness to these notions and these propagandists. These people occupy the sacred ground, whence they excoriate the "perverts" and trumpet the message that God has personally delivered into their hands. They arm themselves with divine "truth" to make their case, wrapping themselves in the flag, positioning themselves within The Family, lashing out at anybody who reads what they do not wish to read or who goes to movies that rise beyond the level of latter-day Disney or who otherwise reveals his or her attachment to the sins of the flesh as enumerated by these angels of the Lord.

Some of these people mean what they say; others are tricksters; all are in league to impose a rigid authoritarianism on everybody else. At present, their victory looms as a possibility, though not a remote one. The movement backwards is gaining force and adherents. It has claimed for itself the "moral" ground on sexual matters, from which its other positions flow. One would be suicidal to ignore it or to minimize it or to try to laugh it away. "Kill a Queer for Christ," said the bumper stickers in Dade County, Florida, during the 1977 Anita Bryant crusade. Today it is the same slogan in more sophisticated garb, or, if you will, in polyester drag. The right-wing war against sex is much the larger part of the shadow of Reaction darkening the land, a shadow that grows meaner, bigger, and uglier by the day. ◻

Contributing Editor David Brudnoy is a radio talk show host and TV arts critic in Boston, a syndicated newspaper columnist, critic, and lecturer. Parts of this article appeared first as a talk to the Fifth Biennial International Convention of Dignity, an organization of Roman Catholic homosexuals.

Mont Pelerin

(Continued from p. 32)

covered for some time. But no great disagreements emerged, perhaps because attention was directed to the "free rider" problem with NATO. Neither libertarian nor conservative could really deny that there are free riders riding high and wide in NATO. What was interesting was that, apart from a young Norwegian's criticism of American defense and foreign policy, few Europeans denied it either. There was a general belief among conservatives and libertarians, Americans and Europeans, that if the Europeans (and the Canadians) are serious about their own defense, they must provide more of it themselves.

Still odder, there was no European anger at President Reagan's pipeline embargo. Joachim Maitre seemed to express the general view when he concentrated on the favorable credit terms offered to the Russians by West European governments and attacked the project as an unusually perverse example of foreign aid. If the focus of discussion had been restrictions on strategic trade in general, more controversy might have erupted.

We returned to the dominant issue of the day, "The Problem of Inflation," toward the end of the conference. In a carefully argued paper, Allan Meltzer examined various aspects of monetary reform, including two favored by some MPS members—free banking and the gold standard—that he found wanting. "A free competitive banking system," he argued, "has higher resource cost, higher monitoring cost, and greater cost of uncertainty than a monetary rule that fixes the growth of inconvertible paper money." And he laid out a great deal of historical evidence suggesting that fluctuations of output under the gold standard were considerably greater, not less, than under the present monetary regime.

After Professor Meltzer had sat down, speakers arrived at the rostrum and advocated a return to gold as if he had never spoken. It seems probable that the majority of economists in MPS share Meltzer's skepticism about gold, as I do, and would agree with Martino that it is a "trite controversy" about a monetary system that "does not have a chance of being adopted." But if we are to succeed in addressing the monetary and banking confusion of the present world without being constantly distracted, then perhaps for the next MPS meeting a morning should be set aside so that the gold standard can be thrashed out in detail in a discussion—no, I mean a debate. ◻

John O'Sullivan is the editor of Policy Review.

1982

Reason's SPECIAL BOOK SECTION

In Search of the Fountain of Youth

Life Extension: A Practical, Scientific Approach

BY DURK PEARSON AND SANDY SHAW

New York: Warner Books. 1982. 858 pp. $19.95.

REVIEWED BY LOWELL PONTE

The ancient Egyptians sought eternal life through chemicals—the embalming chemicals that they believed would preserve their bodies forever. In the early 1500s, Spanish explorer Juan Ponce de Leon trekked the New World seeking chemical rejuvenation with waters from the fabled Fountain of Youth. And now, likewise eager to use elixirs and alchemy to defeat our oldest foe, the Grim Reaper, come Durk Pearson and Sandy Shaw.

Durk and Sandy write the Health & Welfare column in REASON. If you like the column you will love the book, which with more than 350,000 hardcover copies already in print is among the most successful books in publishing history.

Most of us prefer health to sickness, youthfulness to decrepitude, life to death; and thus it is unsurprising that *Life Extension* shares the best-seller list with *Jane Fonda's Workout Book, Richard Simmons' Never-Say-Diet Cookbook,* and such callipygian titles as *30 Days to a Beautiful Bottom* and *Thin Thighs in 30 Days.* People want health and buy such books as they buy pills, both for their contents and as talismans that, by the mere magic of possession, will bring wonders.

And *Life Extension* does seem to promise miracles. In it, Durk and Sandy portray themselves as middle-aged scientists who spend their extended thirtyish lives sitting at desks with computers, pushing buttons, doing only moments of physical exercise daily, and even tanning by swallowing an appropriate chemical lest the sun's mutagenic rays do them harm out of doors. Yet by taking the

right potions, they claim to build muscles, eliminate dandruff, enhance their sex lives, increase their intelligence, and expect to outlive those foolish enough to ignore such chemical interventions in the aging process. They are, in other words, a perfect model for future humankind—sitting in the insular environment of a spaceship exploring beyond Arcturus.

The lifespan of this review is too short to permit discussion of the complex and varied chemicals they recommend. Instead, it addresses a few criticisms to help you approach this exciting book.

Are Durk and Sandy "playing God" by using chemicals to "cheat death"? Scientists have long been depicted as Dr. Frankensteins who create monsters whenever they interfere with natural processes, yet how many such critics have refused to employ drugs that could save their sick children's lives from such natural processes as disease? A *New Yorker* cartoon once showed a stewardess aboard an airliner offering a cocktail to a dowager, the passenger refusing with the words: "No thank you. I don't believe God intended us to drink while flying." Each of us intervenes a thousand times daily to thwart the "natural" forces that would harm us. Durk and Sandy believe they have found new, improved ways to help combat factors that age and sicken us.

But are these ways better? The conservative assumes that millions of years of adaptation have fine-tuned us for survival. The conservative also recognizes that Durk and Sandy are proposing to do to the body personal what leftist social planners do in the body politic—intervene to make things "work better." Does any scientist know all the long-term effects and side effects of the chemicals Durk and Sandy advocate taking? The answer, simply, is no. Durk and Sandy base their judgments on animal experiments, which are suitable, they assure us, because "the chemistry of aging is very similar in all species." Five years ago, I remember, Durk was touting the chemical food preservative BHT (butylated hydroxytoluene) as a life extender—for in massive doses it had increased the lifespan of one mouse hybrid by 45 percent. But now Durk admits that the differences between this species and our own are so great as to make "prediction of life extension potential of BHT for people very difficult."

They do recommend that no child or pregnant woman take these chemicals. All such exploration involves risks and gambles, and thus it is probably a good thing that not all members of our species will be taking these substances.

But chemical intervention in aging may prove to be one of those cosmic watersheds. Long ago some apes chose to descend from the trees, becoming the ancestors of man, while others kept swinging from the limbs as before. During the 1960s some chose to alter their minds with LSD while others chose not to take that risk or make that voyage. And interestingly, the chief chemical herein advocated by Durk and Sandy is Hydergine® —like LSD, an ergot derivative manufactured by Sandoz Company laboratories.

If you plan yourself to become a pioneer on this scientific frontier, should you follow the course mapped out by Durk and Sandy or should you seek other, more conservative guides? My own instinct is to study their information, then decide for myself which ideas to pursue. And because they are unabashedly individualist, they have no desire to be leaders, dictators, or messiahs—and they exhort readers to consult their own doctor, research, and conscience. The trouble is, our culture teaches people to follow authority...and Durk and Sandy have, perhaps without intending to, set themselves up as authorities, as people whose pronouncements are to be followed.

Durk and Sandy describe themselves as scientists. When somebody not employed by a university or laboratory does this, the ears of us science writers prick up. The label *scientist* is not regulated by government certification, as the label *Medical Doctor* is, but it does in practice denote and connote certain things. Does a person follow "scientific method" in thought and investigation? When we sift this book and examine what Durk and Sandy themselves have done, we find only experiments based on taking chemicals themselves or knowing individuals who took chemicals. In a scientific world requiring double-blind experiments with significant numbers of subjects, the anecdotal data they offer is almost meaningless—having about the same weight as a tent evangelist's tales of miracle healings that happened without proper scientific controls.

The back of this book hangs heavy with a thick list of scientific references that impresses layfolk and TV talk show hosts such as Merv Griffin, who anointed Durk as a scientific authority—but when we comb those references to find what Durk and Sandy themselves have published, we find nothing of scientific importance. Durk lists a government contract study he did on a topic wholly unrelated to chemical intervention in the aging process. Durk is repeatedly cited as coauthor of a famous article on intelligence-enhancing chemicals that appeared in *Omni*, a popular magazine published by the founder of *Penthouse* that Durk himself describes as having "medical data sometimes good, sometimes poor." And Durk and Sandy are listed as authors of various commercial pamphlets published by Donsbach College, founded by a marketer of good health food products.

As a science writer, I find this absence of journal publications by Durk and Sandy troubling. The major scientific publications are all peer-review journals; that is, re-

Photographs © 1980 by Sue Houle

search submitted for publication must pass the scrutiny of eminent scientists who check its hypothesis, methodology, and analysis. Such procedures are by nature conservative and put powerful pressure on radical new ideas and findings, but it is precisely because of such scrutiny that the label *scientist* carries such respect and authority. Dozens of others in the aging field have passed such scrutiny—as Durk and Sandy's citations of studies by others in serious scientific literature attest. There is no conspiracy to stifle the publication of reputable studies in this field.

But if Durk and Sandy have never been published in such peer-review scientific journals and never been employed to research this field in any scientific or major academic institution, is it ethical for them to present themselves to the public wrapped in the white robes of the scientific priesthood? What serious research experiments have they ever done in this area that were accepted by the scientific community? Perhaps we could think of them as latter-day Ben Franklins, Enlightenment amateur scientists catching lightning with kite and key—but remember before you start taking their prescriptions that several others who tried to imitate Franklin's famed experiment died in the attempt.

Viewed as the work of passionate science writers, not "scientists," *Life Extension* is a splendid book. It is not really a 900-page book, but rather a 300-page book in which most facts and ideas are repeated three times; but it is intelligent and well-researched, a magnificent tool for anybody who wants to learn more about chemical intervention in the aging process.

Durk and Sandy are correct in recognizing that ours is the age of what writer Albert Rosenfeld called The Second Genesis, when science is giving us the power to take charge of our own evolution and shape our recreation as life forms. We are on the verge of proving those Egyptian priests right, in a sense, for we may soon be able to take the chemically preserved genetic blueprint from a pharaoh's mummy and from it spawn a living double of him. With today's chemical preservatives BHT and BHA and other tools, we might through the new alchemy preserve and extend our own lives. And even in going astray, we might find new horizons. Ponce de Leon never found the Fountain of Youth but he discovered Florida, where today retirees find old age in many cases more pleasant than youth in a snowy climate.

"Live Long and Prosper" is Durk and Sandy's benediction. Will they live long? They admit they do not know. "Ask us in 100 years!" they exclaim. But thanks to the pioneering curiosity of 350,000 American readers, they will prosper. Your ancestors were bold enough to carry their seed to a New World. You must decide what to do with the life that is yours.

Lowell Ponte is the staff science writer at Reader's Digest *and a* REASON *contributing editor. He is not a scientist, merely the world's most widely read science writer.*

The New Economics à la Carte

Tomorrow Capitalism: The Economics of Economic Freedom

BY HENRI LEPAGE. TRANSLATED BY SHEILAGH C. OGILVIE.

La Salle, Ill., and London: Open Court Publishing. 1982. 254 pp. $14.95.

REVIEWED BY PAUL HEYNE

Is a society in which individuals are free to pursue their own goals by whatever means they deem best a libertine or a libertarian society? The answer people give to that question will largely turn on their grasp of economic theory. Self-interested behavior obviously has to be constrained in some fashion if it's to be compatible with the existence of human societies. Economic theory offers the most comprehensive and persuasive arguments for the view that the pursuit of self-interest generates its own social constraints. Those who understand economic theory generally recognize that, under a wide range of conditions commonly encountered, freedom is largely self-regulating. Those who don't understand economic theory, on the other hand, usually dismiss such claims as absurd and ideological and consequently read libertarian arguments for a free society as a defense of libertinism.

The attacks that have been mounted against "orthodox" economic theory in the past two decades indirectly confirm this analysis. Those who want to improve society by interposing collective vetoes at a continually expanding number of points in the network of social interaction have discovered that economic theory generates persistent objections to their proposals. They therefore recognize the importance of discrediting economic theory.

This is not to suggest that people decide they are "opposed to freedom" and then seek out arguments to buttress their sinister commitments. What French economic journalist Henri Lepage calls "economophobia" is almost certainly grounded in the honest conviction that orthodox economic theory is a powerful illusion. The critics of economic theory are "enemies of freedom" because they have found economic theory unpersuasive. Having found it unpersuasive themselves, they are prepared to believe that those who derive "conservative" policy conclusions from economic theory are basically ideologues.

The question consequently arises: Why do so many people who encounter economics find it at best irrelevant and at worst a positive hindrance to the effective discussion of public policy? Why do even professional economists sometimes find little more in their discipline than a set of procedures for solving imaginary problems, rather than a framework for understanding the societies in which they live? Is it a defect in the learners or in the teachers that accounts for the "invincible ignorance" of so many intellectuals on matters of fundamental economic theory?

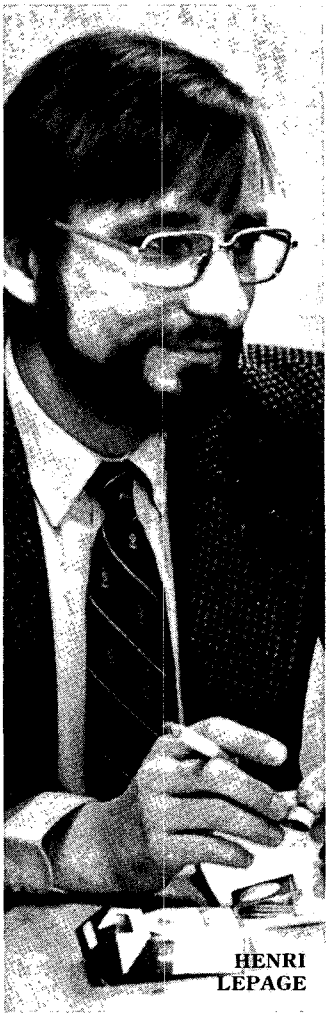
Whatever the explanation, Lepage maintains in *Tomorrow, Capitalism* that contemporary despisers of economics have rejected a straw man. Economics has made significant advances in recent years that have vastly expanded its explanatory and predictive power. As a result, Lepage argues, "those who left school more than fifteen or twenty years ago (as most of those responsible for the Western democracies' economic policies did) find themselves

equipped with a thoroughly obsolete fund of knowledge." Their notions of how Western economies developed historically, of their current functioning, and of the capacity of governments to create or correct problems within them have not benefited from the "major intellectual and scientific renaissance" brought about in recent years by economic research.

Lepage sets himself the formidable task in this book of bringing the nonspecialist up to date on what has been occurring in the "new economics." His hope is that a more adequate understanding of what contemporary economics is and what it reveals will reverse the spread both of "economophobia" and of the political policies with which it is associated.

This is an ambitious undertaking. The degree to which Lepage has succeeded in producing an adequate, intelligible, and coherent account of research in the "new economics" is impressive, especially in light of the fact that the author is French by birth and education, while most of the research on which he reports was undertaken and published in the United States. The reader who wants a glowing testimonial to the result can consult the dust jacket on the fluent English translation, where Milton Friedman calls the book "an exposition of new developments in economics that is at once comprehensive, accurate, and yet accessible to the general public." In the foreword to this edition James Buchanan stresses the book's significance and warmly commends it. *Tomorrow, Capitalism* will not fail, therefore, through want of attention from distinguished reviewers. That gives me the reluctant courage to offer a less enthusiastic appraisal.

Every economist will be able to find fault, of course, with portions of Lepage's account. Some will object that the new economics is not as Chicago-linked as Lepage contends; others will protest that the author has chosen to include too exclusively what has emerged from the Chicago connection; and a few, noticing the absence of any reference to



HENRI LEPAGE

Robert Lucas, might complain that important Chicago work has been neglected. Economists will also disagree sharply about the significance of some of the research that Lepage describes. And a substantial number will probably wish that the author had distinguished more carefully between hypotheses consistent with observation and hypotheses that yield quantifiable predictions.

The book's most serious flaw, however, may be Lepage's insistent linking of the new economics to libertarian political thought. This is a flaw that could prove fatal if the author's goal is, as he says, to overcome the indifference and hostility of intellectuals toward contemporary economics. Many of the developments that Lepage describes just aren't going to seem that impressive to a critical reader coming from outside of economics.

Much of the work done by Gary Becker, for example, is already known, at least superficially, by educated "economophobes," who vacillate between the belief that it is tautological and the suspicion that it is ideological. From a tactical standpoint, therefore, it's unfortunate that Lepage starts out with Becker's work in his chapter one survey, "The New Economists." Not until page 170 does he point out that these analyses have been called reductionist by some economists and have not yet gained general acceptance. By that time, however, the damage may have been done, especially since Lepage subtitles his first chapter, "A Scientific *and Ideological* Revolution" (emphasis added).

Moreover, after surveying the research areas of human capital, property rights, and public choice and mentioning the more familiar work that has been done in the area of monetarism, Lepage devotes several pages of his preliminary synopsis to "The Libertarians." Why? What purpose does this serve? Including the libertarian movement in the survey chapter gives Lepage an opportunity to mention REASON magazine and three of its editors, which is surely a commendable objective. But for many readers it will only confirm the suspicion, as will the other explicitly libertarian arguments interspersed throughout the book, that the new economics is really more ideology than science.

It would be ironic indeed if Lepage ended up strengthening the very prejudice he set out to overcome, but this, it seems to me, is a very real possibility. I fear that *Tomorrow, Capitalism* will be read and celebrated by those who already see the viability of freedom and the potency of economics and be dismissed by those whom the author principally wanted to reach.

Lepage might have been able to retain the preaching at a low cost in sacrificed credibility if he had been more selective in choosing the research results he describes. Weak arguments do not always add to the cogency of strong ones. When our prejudices are under attack, we are all inclined to judge guilt by association and to mistrust a powerful argument because its proponent has shored it up or surrounded it with weak ones.

Lepage's treatment of research in the human capital area exemplifies the problem. Although human capital theory has given us a much-improved understanding of the way markets work, numerous extensions of the theory are currently little more than provocative suggestions. Moreover, what they provoke is sometimes economophobia itself.

Lepage's discussion of the property-rights school wanders so widely, both in time and place, that the power of the paradigm gets obscured in its illustrations. The central contribution of public-choice theory—that government actions can and should be analyzed as outcomes of economizing choices—emerges more clearly and forcefully. Even here, however, one sometimes wishes that the author had either explained a topic more fully or omitted it. I doubt that anyone will understand the Tideman-Tullock demand-revealing process from Lepage's summary, which means that the unfamiliar reader is going to see it as a bit of bewildering technique. An economophobe, it should be noted, is sometimes just a student of economics who has been traumatized by technique.

We should nonetheless be grateful to Henri Lepage both for what he has attempted and what he has managed to achieve. If ideas and not merely interests shape the development of public policy, then the

Photograph courtesy of the Institute for Humane Studies

prospects for economic freedom will depend heavily on the public's appreciation of economic research. Lepage has certainly contributed toward the bridging of the gulf between what "everyone knows" and what economists are discovering.

Paul Heyne is an economics professor at the University of Washington in Seattle and the author of the textbook The Economic Way of Thinking.

Science Fiction's New Utopias

Voyage from Yesteryear
BY JAMES HOGAN

New York: Ballantine. 1982. 377 pp. $2.95 paper.

Elephant Song
BY BARRY LONGYEAR

New York: Berkley Books. 1982.
234 pp. $2.50 paper.

Oath of Fealty
BY LARRY NIVEN AND JERRY POURNELLE

New York: Pocketbooks. 1982. 324 pp. $2.95 paper.

REVIEWED BY MICHAEL GROSSBERG

Good news from "nowhere!" Utopia—"no place," by the word's Latin root—isn't what it used to be.

From Plato's *Republic* to Edward Bellamy's *Looking Backward*, much utopian literature upheld authoritarian ideals. Utopian writers often fantasized a secularized heaven on earth, whose ruling "god" was some omnipotent omniscient elite. Such paternalistic paradises took all the life—and liberty—out of living. Worse, their boring, predictable uniformity took the liveliness out of utopian literature.

Happily, that authoritarian literary genre is today in severe decline. What killed it, of course, were the 20th century's ill-fated attempts to create "utopia" on earth. Mass murder, world wars, tyranny, and torture engendered by utopian socialism and its right-wing variants, national socialism and fascism, induced many novelists to lose their appetite for utopia. Horrified by collectivism's consequences, by Nazi and Gulag concentration camps, novelists invented a new, anti-utopian literature, portraying the literal hells their utopian "heavens" had become.

Beginning with Eugene Zamiatin's *We* in 1920, Aldous Huxley's *Brave New World* in 1928, and Ayn Rand's *Anthem* in 1938, "dystopian" fiction dramatized the perennial conflict between the individual and the omnipotent state. As a futuristic genre symbolically representing the tyranny of the recent past, dystopian literature soon became a fiction with no future. After the dystopian novel reached its climax—and artistic dead end—in such modern classics as Anthony Burgess's *A Clockwork Orange*, Ira Levin's *This Perfect Day*, George Orwell's *1984*, Rand's *Atlas Shrugged*, and Kurt Vonnegut's *Harrison Bergeron*, there was literally "no place" left to go.

So now a new generation of cautiously optimistic writers has assumed the challenge of projecting an ideal future. Three recent novels indicate an important trend toward a realistic examination of the problems imperfect people will face, even in a future free society.

A tale of two cultures in conflict, *Voyage from Yesteryear* is James Hogan's reply to Bellamy's *Looking Backward*. When an expedition from "yesteryear"—Earth's aggressive, irrational culture—makes contact with a long-lost human star colony, what happens is what every history lesson has led us to expect: the conquest of a weaker culture by the stronger. But which culture—Earth or Chiron—is really stronger?

Chiron, isolated by light-years of space from Earth's violent heritage, has developed its own peaceful, individualistic culture, based on reason and earned respect. Respect, in fact, is the only thing the Chironians *can* earn. Few in number, born in post-scarcity affluence, and raised by robots in a computerized environment in which wealth and status have no meaning, Chironians don't need money. Competence is Chiron's only coin.

The Chironians work hard and work well, motivated not by greed or Earth's power-lust but by the deeper drive for self-esteem and personal achievement. Investing their energy in the development of expertise and the acquisition of knowledge, the Chironians transform their planet into a "powerhouse of progress." Chiron offers a glimpse of what free enterprise might have accomplished on Earth if unleashed centuries ago.

When Earth's Mayflower II Mission arrives to annex Chiron—if necessary, by force—the Chironians appear defenseless. While Earth relies on the traditional rape of imperialism, however, the Chironians rely on seduction. Disdaining armies or bombs, they wage a subtle, patient, peaceful war of attrition that gradually undermines the legitimacy of Earth's government. One by one, the Mayflower II invaders "drop out" to enter Chiron's more attractive society, where "they don't have to listen to anyone tell them who they are and what they have to be ever again." The final outcome has more surprising plot twists than even the informed reader may suspect.

Praised for his hard-science fiction, notably *The Genesis Machine* (reviewed in REASON in September 1979), Hogan demonstrates in his latest work not only a talent for imaginative social science but also a maturing talent for characterization. *Voyage from Yesteryear* is a study in psychological opposites—the individualist versus the collectivist. Yet its heroes are never stereotyped, and its villains are never reduced to caricature. Hogan's soldiers, settlers, scientists, and statists are complex and human, the sorts of characters with whom it is easy to empathize. One feels with them the shock of emigrating to a stateless society, the joy of deciding one's own destiny, and the thrill of living free.

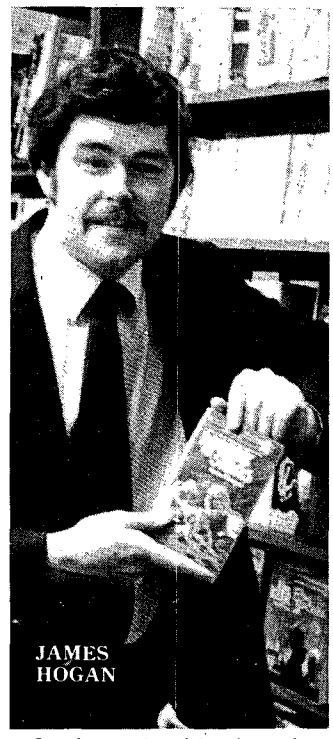
Hogan's only concession to old-fashioned utopian theorizing—and the novel's only flaw—is his initial hypothesis that a sudden cultural "phase-change" could trigger a super-industrial epoch in which money and scarcity become obsolete. His notion that technological progress might end all restrictions on consumption couldn't work on Earth, but Hogan's skill as a novelist and the unique conditions he sets on Chiron almost succeed in making it plausible in the story.

By contrast, Barry Longyear's offbeat utopia is filled with "laughter, bright colors and cotton candy" as well as "mud, broken bones, fights with rubes, pain, endless hard work, frustration, poisoned animals [and] crooked governments." *Elephant Song* is the centerpiece of Longyear's charming, much-acclaimed circus trilogy, in which he tells the tale of the big top's dying traditions and its unusual resurrection.

While Longyear's saga probably should be read in chronological order, *Elephant Song*, the second novel in the series, may be the most interesting, because it explores the fascinating process by which a new society takes shape. In Longyear's *City of Baraboo*, O'Hara's Greater Shows decided to escape an overregulated Earth to roam the stars for more appreciative audiences and higher profits. *Elephant Song* begins where *City of Baraboo* ends: sabotaged by an economic rival, O'Hara's Greater Shows is marooned on an inhospitable, uncharted planet. The circus troupers name it Momus, after the ancient God of ridicule.

The castaways have only themselves—and their traditions—on which to depend for survival. What pulls them through disaster are their gumption and heroic spirit. Guess what the troupers do immediately after crash-landing on Momus. Why, hold a parade, of course! Even in bleak uncertainty, the show must go on.

Loyalty to shared values unites the troupers and helps them develop a delightful culture unified not by coercion but by custom. On Momus, people have their freedom, but nothing is free—not even gossip. Combining the savvy of urban street vendors with the insight of "Austrian school" economists, the circus troupers recognize that initiative, information, and opportunity all have their inevitable costs. So they charge for it. They participate in the free marketplace because of a joyous revelry in the market's process. The challenge of entrepreneurship, the excitement of competition, the love of bargaining motivate them.


JAMES HOGAN

Confronted with the often overwhelming, unfamiliar tasks of pioneering a new frontier, sideshow vendors become merchants, bullhands become road-builders, canvasmen become bricklayers. Harness men shift from hitching horses to "hitching" humans in marriage. Soon, gossips demand to be called "newstellers," loan sharks "cashiers" and liars "storytellers."

Bookkeepers evolve into the planet's oral historians, performing the pivotal service of preserving circus traditions. They compete like Greek sophists, Sufis, or medieval troubadours to deliver the most entertaining news and are paid by their audiences afterward, according to how well they perform.

Remembering the number of crooked judges the show had to pay off in its interstellar travels, the troupers maintain their distinct distaste for government and refuse to permit any justices of the peace of Momus. "You call those bookkeepers jaypees," warns canvasman Duckfoot Tarzak, "and the next thing you know, they'll be issuing permits, making laws and hiring coppers to push everybody around."

Out of such small starts evolves a stateless society based on showmanship. Centuries later, in Longyear's *Circus World*, Momus still has only one law—a law that outlines the procedures by which a government may be created. Complex, and with rigorous participation requirements, that law has never been implemented. But when Momus is caught between two expanding space empires, the troupers face the classic paradox of all free societies: how can a free society remain free if its defense demands the sacrifice of freedom to a centralized power? Who will protect Momus from its would-be protectors?

Whereas Hogan's and Longyear's ideal societies are definitely *future* possibilities, Larry Niven and Jerry Pournelle construct in *Oath of Fealty* a convincing utopia that could be built today, even in the midst of the 20th century's crime, poverty, pollution, taxation, and inflation. Indeed, that's just where Todos Santos is built—in the heart of the burnt-out slums of present-day Los Angeles. A 1,000-feet-high, two-miles-on-a-side glittering white block of flashing windows, Todos Santos is a self-contained "arcology" that houses a quarter of a million citizens.

Todos Santos is a profit-making corporate venture that is exempt from most of the taxes and regulations that have driven inner-city businesses into bankruptcy. It's a future that works. "Simply getting out from under the dead hand of government, chopping out bureaucratic deadwood—that's worth a *lot*," explains the general manager of the complex.

The arcology offers a haven of security from the riot-torn urban scene, attracting residents—and customers—to its prosperous maximum-surveillance community. Yet its unusual quietness, compared to other cities' noise, is not a result of internal regulation but of custom. "Customs are very powerful here," one visitor notes. Bound by a revolutionary "social contract," Todos Santos citizens pledge their allegiance—their "fealty"—to their unique way of life.

Niven and Pournelle have followed the increasingly popular alternative of privatization (discussed frequently in REASON) to its ultimate conclusion: privatize everything. If you can't fight city hall, secede from it! Their utopian vision, based on Paolo Soleri's architectural concepts, is the latest entry in a utopian subgenre concerned with conceiving the perfect city.

But Todos Santos is not everyone's utopia. Dwarfing everything else around it and offering a permanent reproach to outsiders, the corporate experiment is criticized by politicians and environmentalists for elitism and dehumanization.

The uneasy truce between Todos Santos and the surrounding society explodes into crisis when students, disguised as terrorists, infiltrate the heavily protected complex and are accidentally killed. Todos Santos is threatened with court cases and economic reprisals, and its secret electronic defenses are revealed, while real terrorists prepare to destroy the city-within-a-city.

Niven and Pournelle raise some serious questions in this fast-paced suspense thriller that reads like Robert Ludlum or John Le Carre. Can Todos Santos survive with 10 million enemies on its doorstep? Have its citizens traded their liberty for security? Do such urban utopias represent "evolution in action" or a step backward to technocratic feudalism? Niven and Pournelle offer their readers a lot to ponder but no easy answers.

Todos Santos supplies security; Momus prizes showmanship; Chiron runs on respect. All three utopian visions have in common a deep regard for the shared values and tradi-

Photograph by Philip A. Stack

tions that make freedom meaningful and that freedom makes possible.

Though Hogan, Longyear, and Niven and Pournelle understand that utopia must be built on shared values, they don't pretend that their particular utopias offer the only blueprint for a free society. They seem to be informed by Robert Nozick's suggestion in *Anarchy, State, and Utopia* that freedom is a filter permitting many different utopias to flourish. Their implicit message is that no one utopia is ideal for all. Since human beings stubbornly persist in remaining unique individuals with differing values, one individual's paradise may be another's purgatory. Our future freedom requires the renewed vitality of this liberty-loving imaginative literature, for it gives us the courage to realize that "utopia" is what we make of it.

Michael Grossberg is a free-lance journalist living in Austin, Texas, and the founder of the Libertarian Futurist Society.

China Moves Faster Than the Times

China: Alive in the Bitter Sea

BY FOX BUTTERFIELD

New York: Times Books. 1982. 468 pp. $19.95.

REVIEWED BY OSCAR NEWMAN

To be labeled feudal in China today is to be identified as an unacceptable throwback to the past. It is the single most disparaging charge that can be made of any social, economic, or political institution. And yet, despite its technological achievements and nuclear capability, China is more feudal today than it has been for over a hundred years. A Chinese may not change his residence or even travel any distance without a written permit; once assigned a job, it will be his for life (and will likely be handed over to his oldest son); marriage requires the approval, not only of one's parents, but of both partners' *danweis* (the omnipresent organization of one's place of work); having more than one child also requires approval; and if one commits a crime (of which philandery is a most serious one), there is no comprehensive body of law or procedure by which one will be tried, convicted, and serve out one's sentence. Even the rights of ownership were better guaranteed in pre-Magna Carta, feudal England than they are in China today.

Fox Butterfield's *China: Alive in the Bitter Sea* reveals a China of inherent contradictions: a Communist society whose 30 years of painful, evolving revolution has, more often than not, only achieved the opposite of its intentions. For a social planner, it is a textbook on how not to go about improving a society. It is the most disconcerting testimony to the futility of striving for an egalitarian society or for a more equitable distribution of wealth that we have available.

China may be the most consciously classless society anywhere, anytime, but it has replaced class with an intricate system of ranks—and rank in China has its rewards, in spades: the difference in income and benefits between members of the lowest and highest rank in any particular Chinese profession is often 10-fold—appreciably more than in any Western society. China's rush to mechanization has most often been shown to be more costly than traditional, labor-intensive methods. Mao's Great Leap Forward of 1957–59 had the disastrous consequence of setting the country back 10 years; his dying attempt to regain control and rekindle idealism with his Cultural Revolution of 1966–71 has had the effect of sapping the country's revolutionary spirit and creating pervasive disillusionment, anomie, and—most frightening—an aimlessness that seems to pervade every branch of society except the military.

Why the military? Because they were the only phoenix to have arisen from the ashes of Mao's Cultural Revolution. They were the only force that could, in the end, suppress the destruction unleashed when Mao turned the young, the illiterate, the untrained, and the unskilled loose on the emerging elite of technocrats, professionals, and intellectuals that had become the inheritors of Mao's long march to China's Communist revolution. The Cultural Revolution disrupted and destroyed the lives of 100 million of China's most highly skilled, organized, and educated—one out of every nine people. When the Red Guards were finally called off and the country put back to work after five years of disorder, the army emerged as the only remaining stabilizing force.

But the dead could not be brought back. The humbled and humiliated had learned their lesson, too; they did not return willingly to their old jobs and to leadership positions. It is not the Chinese way—the Confucian code—to leave oneself open again to renewed attack. So China now has hospitals headed by untrained doctors, factories by unskilled managers, and government by unscrupulous bureaucrats. Seventy percent of the men who head China's

prestigious Association of Science and Technology are neither scientists nor technologists; they are party hacks.

We come now to the most unkind contradiction, the quickest cut of all: the most conservative and restrictive force to emerge from China's revolution is proving to be the *left*, in both its investment strategy and its suppression of personal rights and freedoms. And, irony of ironies, the most liberal and progressive force emerging in China is the right, in its advocacy of profit incentives to increase production, deficit spending to increase capital accumulation, personal freedoms, a written body of law, a new emphasis on the provision of tangible rewards for labor (consumer goods and housing). It's really an old story: the story of religion and the rise of capitalism out of feudal Europe. Except now, the restrictive religion in China's counterpart is the old guard of the Communist

Copyright © 1982 by Oscar Newman

Photograph by Liu Heung Sh'ing

Party. A more entrenched, conservative lot you'll find nowhere, not even in Russia.

It is in this China that Fox Butterfield arrived in 1974 to set up the *New York Times* bureau, first in Hong Kong, then, when China opened up in 1979, in Beijing. Armed with a reporter's jaundiced eye, a cynicism developed from looking closely at the Pentagon, and a mastery of the Chinese language unusual for Westerners, he found much in China to expose and exclaim about.

Butterfield's book recounts a dismal past and recounts it well, with the reporter's knack of pitching the reader a strong opening line, following it up with facts and details (too often gleaned from standard texts), and ending with the inevitable personal anecdote. It is a waning style (every chapter is structured this way) that makes for easy, if not occasionally repetitious, reading. But it is a hard-hitting, fact-filled book that is well researched—although not always well documented.

There is a major problem with Butterfield's book in that it can almost be said that it had to be written now, and quickly, if it were going to be written at all. For in my recent visit to China, I found it to be neither as pervasively depressing and corrupt, nor as hopeless, as the world portrayed in Butterfield's pages. It is hardly a land of plenty—barely enough around to eat for 95 percent of its people—but it is a cheery and hopeful place, not without humor.

The professionals I met in China—architects and city planners, as distinct from government guides and Communist cadres—have little patience for bureaucratic pretense and rigamarole. They appeared shy and withdrawn while the officials were present, but the occasional smile or twinkle betrayed their real thoughts. Once alone, they told the truth about the progress of various plans; and we plotted, successfully, to circumvent the prescribed visits to the joyless, modern monuments of Communist culture. Instead, we escaped to look at how people built their environment and live in age-old traditions.

This was my experience in city after city visited, with building contractors and construction workers as well as professionals. I don't know the common root of this rebellion, but I sense it is pervasive and that the Chinese speak a different language out of the earshot of officials. Five years ago, such encounters would not have been possible. And so one must suppose that this new administration is providing the change and relief to China that was the vision of the revolution of 1949.

The Chinese have through the ages assimilated religions and philosophies as they have invaders, making them uniquely their own. One can assume they will do the same with communism; the signs are already there. The current regime has been talking about the mistaken ideas of the "left" for a few years now. There's a fresh wind blowing. For how long, one cannot say. But it is the most important thing to happen to China in 30 years—and one can feel it as a breeze even in Butterfield's book.

In attempting to strike a balance, I don't want to give an incorrect, overly optimistic view. The problems are large and remain in evidence. They will take a long time to erase because they are supported by entrenched bureaucracies; and people, not systems, are the most recalcitrant force with which every new administration, regardless of persuasion, has to deal.

To understand China, one must understand its context, something Butterfield seems reluctant to waste pages on. One billion people—five times the population of the United States—live in a country only slightly larger in area than ours. But that's just the beginning. Most of China's arable land is located in the relatively small eastern segment of the country, and 90 percent of the population is located there. Since 80 percent of the Chinese live in rural areas (in contrast with 70 percent of Americans who live in cities), it is not surprising that the rich farm country that lies between Canton, Shanghai, and Beijing is occupied at the same density as greater Los Angeles, producing the problem of people crowding out rich farmland.

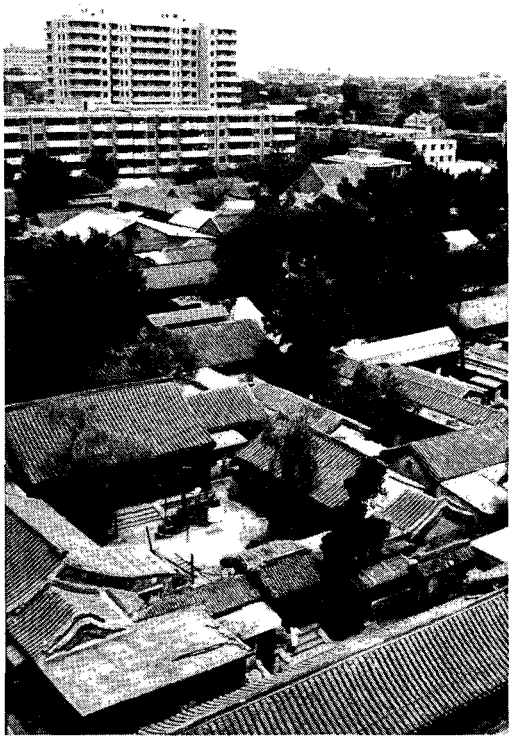
China is the world's largest producer, but also the world's largest consumer, of grain. Not enough is produced to feed the country, and even with sizable imports, the caloric intake of most Chinese is barely above subsistence level. All basic necessities are rationed in China: food, clothing, housing, manufactured goods.

Visitors to China, and there are many these days, provide a handsome source of foreign currency. But they are carefully shown only the most prosperous areas and are fed like emperors by Chinese standards—given that ration coupons allow a pound of fish per adult a month—*if* there is money enough to buy it.

Surreptitious visits to ordinary department stores in my visits to China's medium-size to large cities revealed plentiful consumer goods at rock-bottom prices: 6 US dollars for a dress, $12 for a

A typical department store in China's northern city of Harbin displays bright, newly made consumer goods.

Beijing's old, courtyard housing (foreground) is being torn down to be replaced by apartments (background).



Photographs by Oscar Newman

man's suit. Even if the quality is shoddy by our standards, the price is right (although less than 25 percent of urban dwellers—or 5 percent of China's total population—earn enough to buy simple household things regularly at department stores).

Some goods in China are even exceedingly well made. Overly curious on a shopping spree one day, I noticed that both the exquisite handmade paintbrushes and the luxurious brocaded silk were manufactured right there in Shanghai. On a whim, I asked if it were possible to visit the factories that made them. It was toward the end of my professional visit to China, and as I had spent more time working than intended, the Chinese were anxious to express their thanks by granting me my every wish. The brocade factory proved one of the joys of my journey. It was of English manufacture, shipped over in its entirety in the 1860s. It looked like an entire factory made up of the gleaming parts of antique automobiles. An ingenious old man and his two young apprentices kept it running. They had even built themselves their own machine shop to make spare parts. It clicked, it clanked, it sent steam puffing, and it wove out a brocade of the finest grade and texture. But it did so at one-tenth the rate of modern machines, not counting the numerous stops and starts. It is not the wave of future China.

Butterfield talks of a poorly housed China, of uniform people in uniform clothing (women in colorless shirts and pants), and of no public display of affection, even among young couples. He tells horror stories about individuals caught up in the trap of a domineering, gleefully malicious bureaucracy. No doubt the stories are true, but how representative are they? People who seek out foreign correspondents to share their woes are a self-selected group. Most Chinese professionals and workers I encountered are weighed down and feel stymied, it is true, but they are neither without hope nor without laughter and open displays of affection. Everywhere I went there were young people necking at night.

Most people view the brutalizing restrictions and naivete of the Communist bureaucrats as a temporary phenomenon. China's civilized past is being rediscovered. Times appear to be changing. Shops are filled with colorful blouses and dresses that are being increasingly worn in the streets by the indigenous population in even low-income areas. The housing crunch *is* excruciating, but all of China—large city, village, and farm—is stacked with bricks and mortar for the construction of new housing. The standards of the new construction are admittedly minimal, but housing is going up at an increasing rate, currently one million units a year—peanuts by our rate of building, but a hundred times faster than what was going up before. Ten years ago, all government-supplied building materials went to the construction of new factories—highly inefficient factories, it turns out—but now bricks are going mostly for housing. Factories are also turning their attention to the supply of consumer goods.

Again, don't draw the wrong conclusions; things in China are anything but rosy, and by any comparison China has a long way to go even to catch up to its neighbors in Hong Kong and Taiwan. China's industry and work standards are inefficient and lax and suffer from severe disorganization and lack of individual responsibility. But this is recognized and being changed through profit incentives and decentralized control. The methods of successful Japanese business are being studied and copied.

But China needs 20 years of peace to make the strides it is hoping for. It also must begin to dismantle the largest standing and comparatively best-fed and -housed army in the world. All this is a lot to hope for in a nation with 13,210 miles of borders shared with 12 nations, including the Soviet Union, North Vietnam, Laos, North Korea, India, Mongolia, and a highly contentious Taiwan just off its coast (not to mention the industrial giant of Japan). Even Butterfield, with all his reservations, recognizes China's achievements and potentials and wishes her luck.

Oscar Newman is an internationally known architect and city planner who, at the request of the Chinese government, recently toured China's largest cities. His books include Defensible Space *and* Community of Interest.

Fine Tuning Libertarian Philosophy

The Libertarian Reader

EDITED BY TIBOR R. MACHAN

Totowa, N.J.: Rowman & Littlefield. 1982.
287 pp. $29.75/$12.50.

REVIEWED BY JOHN O. NELSON

The Libertarian Reader is a representative and well-conceived collection of writings on libertarianism. The topics covered range from the most general—for example, Charles King's "Moral Theory and the Foundations of Social Order" or Fred Miller's trenchant "The Natural Right to Private Property"—to the most concrete—for example, Loren Lomasky's informative "Medical Progress and National Health Care" or Walter Block's "A Free Market in Roads." Some of the more stubborn internal problems of libertarian theory are addressed, as in Roger Lee's "The Arrest and Punishment of Criminals" (on what grounds can libertarian theory sanction the coercion imposed on criminals and what are its limits?) or Tibor Machan's "Dissolving the Problem of Public Goods" (how are public goods, like national defense, to be financed without coercive taxation?). Theories or institutions opposed to libertarian principle are addressed in other essays—for example, in Antony Flew's "Libertarians versus Egalitarians" or Ludwig von Mises's classic "Market versus Bureaucratic Planning."

Needless to say, this schematic listing of topics is not meant either to be exhaustive or to project a complete portrait of the essays mentioned. Rather, it is intended to point out that university classes aiming to acquaint students with today's market in political and social thought could make good use of *The Libertarian Reader.* It could also contribute to more advanced courses (where the more subtle aspects of a position are investigated). It should be of especial interest to those students and scholars who are familiar with libertarian thought and controversy but have not kept abreast of the latest developments. The majority of the essays are, so to speak, right off the front burner. Those that are somewhat displaced in time—for example, F. A. Hayek's "The Use of Knowledge in Society," originally published in 1947, or von Mises's "Market

versus Bureaucratic Planning" (1957)—are still fresh and timely. Indeed, I should say that von Mises's essay is more timely today than ever.

So far I have in effect echoed three-fourths of a claim that editor Tibor Machan makes in his preface: that "the present collection of essays will be of great interest to the private reader as well as to university students and teachers." To university students and teachers it will be; it ought, anyway, to be—at least, to those dealing formally or on their own with social and political thought and controversy. Among these would be the university-trained "private reader."

But what about the formally less educated "private reader"—the office clerk, say, with an ordinary high school diploma, who 20 years ago read with consuming interest Ayn Rand's *Atlas Shrugged* or *The Virtue of Selfishness* and attended (in large numbers) lectures on Rand's philosophy at the Nathaniel Branden Institute? I cannot help but think that *this* "private reader" would find the going in *The Libertarian Reader* frustratingly steep and the sustenance offered pretty unappetizing.

Nor is this because the essays in, say, *The Virtue of Selfishness* were well written and those in *The Libertarian Reader* are not. The latter, in their way, are quite as well written. It is, instead, to their contents—the libertarian philosophy they both espouse—that we must look.

What, then, has happened to that libertarian philosophy that, as Machan says in his preface, "began to emerge in the writings of the novelist-philosopher Ayn Rand"? Certainly, the libertarian movement waxes mightily in the political arena. But what has happened to the philosophizing itself, so that the clerk who was once in the inside of it is now left out of it?

A good part of the answer to this question is, again, to be found in Machan's preface: namely, in his statement that "it is only with the publication [in 1974] of Robert Nozick's *Anarchy, State, and Utopia* that libertarian ideas achieved some kind of respectability in academic philosophic circles." Neither I nor Machan (I am sure) think that the Harvard imprimatur counts for that much. But consider the matter in this light: with only one or two accidental (in Aristotle's sense of the word) exceptions, all the authors in *The Libertarian Reader* have their habitation in universities; and as university philosophers or university economists or university "social scientists" they practice what might be called "academic professionalism." Libertarianism, in short, has become academically respectable by having become academically (the pun is intended) professional.

What does this mean? Professionalism of any sort separates itself from the layman's world through specialization. Academic professionalism also separates itself from the popular approach or popular philosophy by pretending, anyway, to treat whatever subject it addresses from a standpoint of critical objectivity. The popular approach or philosophy, in contrast, inextricably mixes together out-and-out partisanship, emotion, imagery, and thought.

It is instructive to compare the libertarian movement in its Randian heyday on university campuses—the early 1960s—with the contemporary libertarian movement on university campuses as represented (and I should say "faithfully represented") in *The Libertarian Reader.* To give just one instance: Twenty years ago, the partisans of "objectivism" (for that is what Rand called her philosophy—not libertarianism) had found the *truth.* There was no slightest doubt in their minds about what that was, and they were quite adamant about it. Any deviation—for example, any least defense of any least claim of altruism—was heresy. But the only common agreement that I can find in *The Libertarian Reader's* 21 essays is on Rand's secondary social principle that the initiation of physical force is wrong (even "evil" would seem too strong a term to use); and even with respect to this principle, some doubt is expressed—for example, by John Hospers in his essay, "Libertarianism and Legal Paternalism"—as to its universal application, at least, as simply stated.

The irony here is that 20 years ago, on foundations that were argumentatively flimsy (Rand's argumentation, looked at as such rather than as litany, has all sorts of gaps in it), certainty was whole and absolute. It would seem that after being honed for 20 years in academe—often on arguments that rival Anselm's ontological proof in their *look* of conclusiveness (one might cite here Eric Mack's in "Individualism, Rights, and the Open Society" or Nozick's in "Entitlements and Patterns")—that pristine absolute and whole certainty has been reduced to fragments and these fragments themselves to skeptically brittle surfaces.

These contrasts and their implications obviously cannot be pursued further here. Plainly, though, the question, "What happened to libertarianism on the way to the Academy?" is worth pursuing further, even if in some other place. *The Libertarian Reader,* above all because of the academically professional quality of its contents, brings the question into sharp relief.

John Nelson teaches philosophy at the University of Colorado.

Moxibustion, Indeed!

The Turning Point

BY FRITJOF CAPRA

New York: Simon & Schuster. 1982. 464 pp. $17.50.

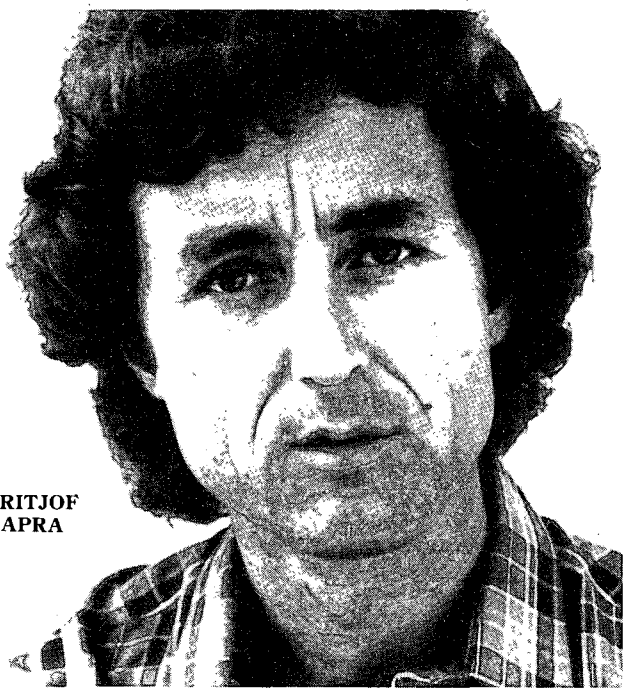
REVIEWED BY WILLIAM HAVENDER

I have fairly sensitive antennae that guide me in allocating the limited time I have to read books. They would have warned me away from *The Turning Point,* by Fritjof Capra, author a few years back of the bestseller *The Tao of Physics.* Now that I have read it at REASON's request, I must say that my antennae were right. For the book is a farrago of all the turgid humbug that those of us who came naively to Berkeley in the 1960s and grew to intellectual maturity here had to wade through on the path to scientific and political enlightenment. This book is, in truth, no more than a confused, ignorant, and unrepentant revenant from the '60s.

Capra, a physicist by training, argues that the Western world is in a deep crisis and at a historic turning point (whence the name of the book). The crisis is not simply economic, nor does it come simply from the threat of nuclear warfare nor of vanishing resources. Rather, all of these are manifestations of the same, profound cultural crisis he sees; namely, the ultimate failure of the Western idea of progress, of economic growth, of the Judeo-Christian belief in the rightness of man's dominion over the earth, and of the efficacy of analytical science.

This great failure is epitomized, says Capra, by the

"crisis" of the Cartesian, or "reductionist," paradigm in fundamental scientific research, which contends that insight into the operation of large complex systems can be gained by isolating small components and studying how they work. This approach has typified science; for instance, physicists search for the fundamental particles of matter, chemists examine how elements combine to form compounds, and molecular biologists study the basic unit of genetics, the gene.



FRITJOF CAPRA

The reductionist approach is to be distinguished, says Capra, from holistic, or ecological, or "systems," approaches that seek to understand the whole organism as a whole, integrated into (rather than isolated from) its environmental context. While Cartesian reductionism has been ascendant for the last three centuries and has colored all aspects of Western culture, it is now in its twilight in Capra's view, and the dawn of the holistic, solar age will soon be irresistibly evident.

Capra devotes an early chapter of his book to modern physics, an area where he supposedly speaks with authority. It is easy for the general reader to be snowed by this presentation and by Capra's conclusions, which he uses to lend credibility to the rest of the book. But my physicist friends here at Berkeley tell me that what Capra sets forth as "the" picture of modern physics (for example, the view that fundamental particles do not have an objective existence apart from our consciousness or his espousal of something called S-matrix theory) is opinion rather than undisputed fact; and in the case of S-matrix theory, it is the opinion of a sidelined, frustrated minority at that.

Capra obliquely concedes this; he laments that not a single Nobel prize has been awarded to any of the developers of S-matrix theory. And at the end of the chapter, he reveals: "My presentation of modern physics...has been influenced by my personal beliefs and allegiances. I have emphasized certain concepts and theories that are not yet accepted by the majority of physicists..." Just so, and for this reason the layman need not be intimidated by the way Capra disingenuously drapes the authority of modern physics around the rest of the book.

Moving on to the field where *I* can speak authoritatively, he devotes a chapter to modern biology. And here he utters nonsense. It is simply not true that the reductionist approach has encountered fundamental limits and is no longer fruitful. One area of research where Capra alleges this to be the case is in understanding how neurons function in networks. But work here is in fact proceeding at a fantastic pace, and it is precisely reductionism—teasing out how *simple* nervous systems (such as that of the leech) are netted together—that is producing results. The same holds true for embryogenesis and the system controls over tissue differentiation and growth, the other area in modern biology that Capra specifically cites as an example of reductionism's failure.

Capra then takes on medicine, holding that diseases are wrongly understood by the Cartesian paradigm as having specific causes. The disease "process" actually involves one's entire lifestyle, mental state, social relations, stress, and so forth, says Capra, and it is disturbances in these that are primarily responsible for predisposing one to contract an opportunistic disease. In this view, merely killing the bug with a drug will be futile, since if the predisposing disturbances have not been corrected, one will just get sick from something else. Healing therapies that seek to address these holistic, or contextual, influences are then to be preferred over "linear" Western medical beliefs that simplistically aim at destroying germs, excising tumors, transplanting hearts, or prescribing drugs.

In this vein, Capra runs approvingly through a veritable candy store of counterculture yummies: shamanism, mysticism, homeopathy, connective tissue massage, acupuncture, primal scream therapy, rolfing, dance therapy, biofeedback, orgone therapy, herbal medicine, the laying on of hands, Simonton cancer therapy, and yes, moxibustion (which has nothing to do with moxie, although it takes a kind of moxie for a physicist to mention this seriously; it is the burning of small cones of a powdered herb called moxa at critical points on the body).

Cancer is one disease in Capra's view that, being systemic in nature, defies reductionist solutions. Yet the rate of advance in understanding the fundamental nature of cancer is blistering, and it is a story of continuing progress along reductionist lines. One of the most exciting findings of the past year is the isolation of "cancer genes" from human bladder cancer cells and also of the protein products made by these genes. These proteins are components of the growth-regulation system of tissue cells, a system that will very shortly be elucidated as a result of these clues. Understanding this system and how it can go awry will likely be a crucial step in developing remedies to cancer. The other area of extremely heartening current progress in cancer centers on monoclonal antibodies. There is every reason, then, for believing that the next five years will see a cascade of increasingly effective therapies for different varieties of cancer coming out of this purely reductionist work.

Having dispatched physics, biology, and medicine to the discard heap of history, Capra then takes on psychology and economics, which he asserts are also suffering from a terminal case of Cartesian crisis. It would be wearying for me to continue with these; let it suffice to say his analysis here similarly consists of the same impenetrable thicket of errors and clouded thinking.

An annoying feature of Capra's argument is its inconsistency. He extols, for instance, the virtues of self-organizing systems, of decentralization of power, and of small-scale technologies. At the same time, however, he advocates proposals that implicitly endorse a vast increase in centralized political power and force. Among other entries on his Christmas "wish" list, he wants to redistribute wealth to decrease economic

Photograph by Jaqueline Capra

inequality both domestically and internationally, restrict advertising of "unhealthy" products, limit the items offered in vending machines, stop the construction of new hospitals (which, he says, are "incompatible with the new view of health"), introduce national health insurance, decentralize populations (that is, disperse them from cities), dismantle large corporations, reclaim the mass media for the public from their corporate owners, and have the government subsidize organic agriculture, solar energy, and the practice of holistic medicine.

His treatment of self-organizing systems is particularly eccentric, since he describes many examples of such systems (evolution, ecology) and fully understands their open-ended nature but explicitly rules them out in the economic sphere. There, he argues, the whole cannot be allowed to be the sum of its parts because its "parts" are merely private interests; because there are externalities; because of the enormous power of giant corporations, monopolies, and advertising; and because certain ends that such a system might produce (such as corporations) are inherently evil. Government counteraction of the spontaneous ordering of the economy is, then, needed. Thus the few hints scattered through this book that would attract advocates of individual freedom are embedded in whole gobs of statism, authoritarianism, and force that would not just drive them up the wall but flatten them against the ceiling.

A sampling of Capra's own words may best capture the flavor of this literary effort. He confidently asserts that, "twentieth-century physics has shown us very forcefully that there is no absolute truth in science." Of modern medicine, he announces that "just [why infant mortality has declined in developed countries] is still poorly understood, but it has become apparent that medical care has played almost no role in its decline." Capra comments on big business that "the numerous horror stories of corporate behavior in the Third World which have emerged in recent years show convincingly that respect for people, for nature, and for life are not part of the corporate mentality." And agribusiness "ruins the soil on which our very existence depends, perpetuates social injustice and world hunger, and seriously threatens global ecological imbalance." Had enough from Capra? I have.

William Havender is a biologist at the University of California, Berkeley.

Fleet-footed Adventures

Fletch; Confess, Fletch; Flynn; Fletch's Fortune; Fletch and the Widow Bradley; The Buck Passes Flynn

BY GREGORY MCDONALD

New York: Avon Books. 1974. 253 pp. $2.25 paper.
New York: Avon Books. 1976. 172 pp. $2.25 paper.
New York: Avon Books. 1977. 278 pp. $2.25 paper.
New York: Avon Books. 1978. 252 pp. $2.25 paper.
New York: Warner Books. 1981. 285 pp. $2.95 paper.
New York: Ballantine Books. 1981. 216 pp. $2.25 paper.

REVIEWED BY EDWARD REGIS, JR.

"What's your name?"
"Fletch."
"What's your full name?"
"Fletcher."
"What's your first name?"
"Irwin."
"What?"
"Irwin. Irwin Fletcher. People call me Fletch."
"Irwin Fletcher, I have a proposition to make to you. I will give you a thousand dollars for just listening to it. If you decide to reject the proposition, you take the thousand dollars, go away, and never tell anyone we talked. Fair enough?"
"Fair enough. For a thousand bucks I can listen. What do you want me to do?"
"I want you to murder me."...
Fletch said, "Sure."

This is the new antiauthoritarian hero-detective? Yes.

Author Gregory Mcdonald is a newsman turned mystery writer who has produced two colossally successful series: the Fletch and Flynn mysteries. His first two books, *Fletch* and *Confess, Fletch*, each won the prestigious Mystery Writers of America Edgar Allen Poe Award; indeed, he is the first author ever to have won the award twice consecutively. The Fletch series, the better of the two, contains some of the cleverest, most imaginative, and original plotting and some of the wittiest dialogue to be found in the detective novel. Not only that, Fletch, and to a lesser extent Flynn, are practicing antiauthoritarians: Fletch is an artful tax-dodger with an innate and sustained contempt bordering on hatred for agents of the government.

"C.I.A., Mister Fletcher."
"Um. Would you mind spelling that?"

The Fletch novels are unique in many ways. The hero is not in fact a detective but a newspaper reporter. The novels typically begin in astonishing, unbelievable circumstances: the hero agreeing to murder his client; the hero getting fired from his job for reporting a recent quote from a man two years dead; and so on. Most of the action in these books takes place without the support of conventional narrative: dialogue replaces description as the medium of plot. *Fletch* is almost *all* dialogue. The result is a fleet-footed adventure in which exposition, characterization, problem, and resolution all emerge from the interplay of conversation among its actors.

The plots are complex: the stories as a rule contain several interrelated plotlines that move along interdependently (in contrast to Ed McBain's 87th Precinct stories, for example, which are usually unrelated to each other and unfold episodically). So while the primary action of *Fletch* concerns the hero and his victim-to-be, a parallel plot involves Fletch's investigation of a drug ring, and a subordinate storyline concerns the attempts of the hero's two ex-wives to sue him for nonpayment of alimony. Can Fletch murder his client, collecting payment for it while at the same time evading the tax on it, solve the drug-supply mystery, see that his ex-wives get what they deserve, and at the end come out innocent of all wrongdoing? Suffice it to say that the author brings off a near-impossible task, resolving all plotlines and achieving one of the most poetically satisfying final images one

could imagine. Indeed, *Fletch* is a virtuoso performance at every level.

In *Flynn*, Mcdonald's other hero, an inspector on the Boston police force (where, mysteriously, there is no such rank as inspector), is put in the unusual position of witnessing as it happens the very crime he will be called upon to solve. Whereas Fletch is a cocky, sarcastic young bachelor (a twice-divorced bachelor, to be sure), Flynn is a gentle, phlegmatic family man with a wife and five children.

Like Fletch, Flynn shows a delightful disdain for certain authorities. Mcdonald depicts FBI agents ("Fibbies") as dictatorial bastards who Flynn, while playing dumb (" 'One can't keep up with the criminal mind,' said Flynn. 'Especially when it belongs to the FBI.' "), manages to outsmart, elude, and frustrate at every turn. And one will be entertained by his attitude toward too many laws (" 'You feds. A law for everything.' " ..." 'The hell with the law!...There's entirely too much of it!' "), especially tax laws (" 'He always had a complete physical exam before doing anything about his income taxes' ").

Both protagonists meet in *Confess, Fletch* where Fletch, in Boston to do research for a biography of the Western artist Edgar Arthur Thorp, is accused of murdering a young lady whom he finds, naked and dead on the carpet, upon returning home from dinner. Flynn, of course, is the investigating officer. While trying to clear himself, Fletch works to retrieve a stolen painting for its rightful owner in Italy, who does not, however, know it is stolen; solves the disappearance of his girlfriend's father; and fights off the advances of that girlfriend's mother. The unraveling of all this sees Fletch assume several different identities, break into and enter a heavily burglar-alarmed house without being detected, and interview a lesbian couple, all the while staying one step ahead of his enemies. Throughout it all, there are the usual antigovernment touches.

"Sorry if I appear to be ignoring you [says Flynn] but a City Councilwoman was murdered in her bath this morning and since it's a politically sensitive case, I've been assigned to it. I've never held with taking baths in the morning, but when you're in politics god knows how many baths a day you need."

GREGORY McDONALD

The most interesting, imaginative, and baffling of the Flynn novels is *The Buck Passes Flynn.* After an ordinary and humdrum opening ("From across the men's room Flynn aimed his gun at the President of the United States."), we get to the main problem. It seems that in the little town of Ada, Texas (pop. 1,856), residents one morning awake to find on their doorsteps, each of them, envelopes containing $100,000 in cash. One hundred thousand dollars for each man, woman, and child in town. How could it happen? Who's dealing it, and why? Flynn is dispatched to the scene. (Why? No crime has been committed.) But all the residents have left, save two. Where have they gone, and why have the two remained?

People begin receiving the same amount of money elsewhere: East Frampton, Massachusetts, and then an entire Pentagon Intelligence section. The book traces out the effects of this largesse upon those who receive it and upon the nation's economy in the event this boon (disaster?) becomes more widespread. Flynn's investigations take him to Las Vegas, to Hawaii, and to Smolensk, USSR, to meet with master counterfeiter Cecil Hill.

Is the money counterfeit? Are the Russians spreading it around? I'll only report that Cecil Hill *does* say:

"All money is fake. An illusion."

"Excrement," Flynn said. "Garbage."

"No. Both excrement and garbage have some use. Money is totally fake. All money is fake."

While being led to the solution of the mystery, the reader learns a lot about money, inflation, and the human response to both.

Finally, *Fletch's Fortune*, and *Fletch and the Widow Bradley.* In the latter, Fletch suffers acute embarrassment and sincere incomprehension over having reported a recent quote from someone who's been dead two years. What happened? Can it be that the man *is* dead—and also quite alive? Now I'm not usually one to say, "Check your premises." Nevertheless!

My personal favorite of all these books is *Fletch's Fortune.* Catching up with Fletch after a lifetime of nonpayment of taxes (" 'I have a very slow accountant.' "), the CIA corners Fletch into spying for them. (What's the CIA got to do with taxes?) They want him to bug a newsmen's convention, and Fletch, seemingly intent on being cooperative, meets and exceeds their wildest expectations. As the action progresses, the reader is kept abreast of the convention program.

10:30 What Time Is It In Bangkok?

—an editor's view

11:00 GOD IS IN MY TYPEWRITER, I KNOW IT.

—an address by Wharton Kruse

There is, of course, a murder that Fletch, of course, solves. But Fletch's romantic exploits are a principal interest of the novel. He spends much time resisting the overtures of a fabulously beautiful woman (whom he ends up trying to seduce), while pursuing an overweight, unattractive woman who no longer believes in herself. And there is the especial delight of seeing Fletch, after all these years, being caught up with:

"I.R.S.," the man said.

Fletch slid the door open. "How do you spell that?"

"Internal Revenue Service."

And at long last we learn why Fletch has never filed:

"Is there any political thinking behind your not paying taxes?"

"Oh no. My motives are purely esthetic, if you want to know the truth."

"Esthetic?"

"Yes. I've seen your tax forms. Visually, they're ugly. In fact very offensive. And their use of the English language is highly objectionable. Perverted."

"Our tax forms are perverted?"

"Ugly and perverted. Just seeing them makes my stomach turn."

As should by now be evident, these novels are a lot of fun to read. And the fun reflects the author's view of life and how to live it. Mcdonald's most engaging hero, Fletch, is an extreme antiauthoritarian. He breaks all rules and obeys nobody—not his editor, not his ex-wives' attorneys, not the courts, certainly not the agents of any government. But Fletch does live a highly purposeful, goal-directed life, making his own rules and then living by them, and he has enormous fun and reaps great rewards, financial and emotional, while doing so. Always, he respects other people's rights, and sometimes he goes out of his way to help certain individuals. And always, justice is done: the

bad are punished, the good win out.

The novels also reflect a certain view of evil. In much detective fiction, evil is a potent, often triumphant, force. It is tremendously powerful in Mickey Spillane, for example, ubiquitous in Maj Sjowall and Per Wahloo (the brilliant Martin Beck novels), and an overwhelming presence in Ross MacDonald. The latter provides a good contrast. Both Lew Archer (of Ross MacDonald's works) and Fletch are Californians, both single, both once-married. But Lew Archer sees mainly the seamy side of things: behind the clean white facade of every stucco house there lurks evil: "trouble," foreboding, menacing; in every family's past there is a history of jealousies, hatreds, bitternesses and betrayals. Very little is as it seems in the world Lew Archer inhabits, and there is very little good in it. The most Archer seems able to do is to prevent further evil.

In Fletch's world, by contrast, evil does not seem to be a *force* at all. Bad things do happen, but they are the discrete and self-contained results of individuals acting in certain ways; they do not form an overpowering metaphysical entity. Further, these evil acts can be resisted, and their effects rectified, by the acts of the hero. It is only a few people who are bad in Fletch's world, not the world itself. The world itself is a fun place, the people in it are in control of themselves and their circumstances, and these circumstances, even when they are bad to begin with, can be turned to advantage in the end.

The world of these novels is one in which concrete evil actions can be and are countered by the ingenuity and adroitness of a talented adversary. It is easy to fall in love with such a world and hard for the reader to leave it.

Ed Regis teaches philosophy at Howard University. He gratefully acknowledges the help of Pamela Lynne Regis on this review.

A Christian Defense of Capitalism

The Spirit of Democratic Capitalism

BY MICHAEL NOVAK

New York: Simon & Schuster. 1982. 433 pp. $17.50.

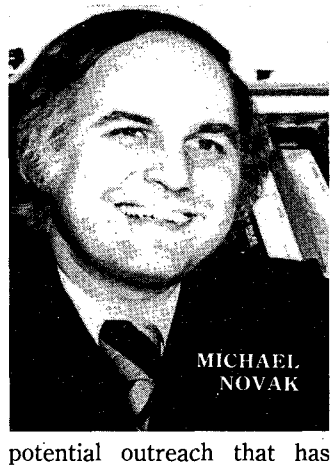
REVIEWED BY K. E. GRUBBS, JR.

Few disciplines seem quite so incompatible, according to contemporary habits of mind, as economics and religion. So much so, in fact, that economics conjoined with religion has nearly replaced politics as the dinner table taboo; indeed, politics—partially informed politics, at that—has become nearly de rigeur as dinnertime conversation.

There are reasons aplenty for this uneasiness, but the fault lies in both camps, the pure economists and the ardent religionists. In America, the old share-the-wealth Social Gospelers have left their imprint on economic policies, however obscure this source to quasi-socialist policymakers. In Europe, too many theologians—Catholic, Protestant, or Jewish—have simply neglected to think through the necessary comparisons of economic systems, variously intoning antiquated "solutions" to the problem of poverty without bothering to check which system has historically lifted more of human kind out of poverty.

Then there are the libertarian individualists with their worldly philosophy. Many of libertarianism's leading intellectual lights verily pontificate (think for a moment on the source of *that* word) on what is truly acceptable for any right-thinking free-market individualist. They allow little room for religion, which they pejoratively call mystical or irrational.

Much of this hostility to religion is the legacy of the late novelist-philosopher Ayn Rand, who wrote with great clarity and courage about which economic system actually relieves human suffering and which systems do not. Naturally, Rand found herself at odds with the Social Gospel's legatees; that division became enshrined by Rand's votaries, who persistently confused the irrational with the nonrational. The result is profoundly unlearned attempts to disprove the existence of God, a vast


MICHAEL NOVAK

potential outreach that has scarcely been tapped, and, worse, a source (some would say *the* source) of ecstasy, joy, and the meaning of life from which many libertarians have estranged themselves.

Exceptions to this untoward hostility intrude on the mind, of course. The Rev. Edmund Opitz of the Foundation for Economic Education wrote a fine book a few years back entitled *Religion and Capitalism: Allies Not Enemies.* A fellowship of Christian libertarians (or libertarian Christians; I am not sure of their preference) circulates a newsletter to a scattered fellowship. The powerful but unpublished writings of Rodney Boyer one day will surface. And on the "theology" of self-esteem, one of television's most prominent evangelists, the Rev. Robert Schuller, preaches movingly, perhaps even more cogently than Nathaniel Branden (a one-time associate of Ayn Rand who places self-esteem at the center of his psychological writings and therapy).

All this to build up (I suppose necessarily in a magazine that rarely, if ever, reviews books on religion) to *The Spirit of Democratic Capitalism*, a landmark book, a book neither free-market individualist nor complacent Christian socialist can ignore. Michael Novak, who is rapidly becoming one of the free society's most important spiritual and intellectual resources, wrote it. Fittingly enough for its thesis—that political and economic freedoms not only are united but grow out of the religious traditions of the West—this is a life-giving book. It gives new life to a perspective that few have cared to take seriously. And it argues its case so compellingly that antagonists henceforth may have to show cause why *they* should be taken seriously.

Novak, currently a resident scholar at the American Enterprise Institute in Washington, D.C., is a lay Catholic theologian noted for his sociological studies of ethnicity in modern America. He has written movingly on the institution of marriage and lyrically of the joy of sports. For a too-short period in the late 1970s, Novak was an editorial page editor's dream, producing with a lovely economy of language a twice-weekly syndicated column that proved to be a topical-yet-timeless jour-

nalistic apologia for the free society.

Novak began an intellectual-political odyssey as a left-leaning supporter of Eugene McCarthy and Robert Kennedy. His early thinking, he freely admits, was shaped by church attitudes that, stressing selflessness and compassion, decried the greed so often grotesquely associated with big business. The non sequitur, of course, was state intervention that gave rise to something only dimly understood to be un-Christian: a new elitism. As his understanding grew, Novak began to be numbered among the prominent neoconservative intellectuals; surely as his manifold writings show, he stands out as one of the most liberty- and individuality-loving members of that movement.

As Novak shed many of the unofficial, anticapitalist dogmas, he focused more intensely on one of the most central Christian ideals: caritas, love and compassion for human beings. Decidedly un-Randian, to be sure, but thoroughly, joyfully procapitalistic. The evidence is just overwhelming: compassion must be linked to productivity; hence, capitalism, virtually synonymous with productivity, must be adopted by the truly compassionate. With this new insight, together with such truths as the Pauline "Where the spirit of the Lord is, there is liberty," Novak commenced a prodigious rethinking.

Resisting the temptation to preach, along with George Gilder (*Wealth and Poverty*), that capitalism istic, Novak nevertheless finds great nobility of spirit in an economy of creativity and free exchange. "Humankind," he writes, "could give rein to a generous instinct, trusting that God's nature would offer reward in kind. Up and outward went the thrust of democratic capitalism. First came investment and effort, later the return. The spirit was not that of the zero-sum nor that of the miser nor that of the primitive fear, but that of the experimenting follower of dreams."

This is not the heroic rhetoric of the Social Gospeler a la Martin Luther King. The "experimenting follower of dreams" is not a social engineer but the citizen exploiting his own talents according to a personal inspiration (another word of which we might consider the source). Novak's willingness, nay his faith, in distributing creativity among a multitude of volitional individuals goes quite unabashedly back to Adam Smith, who gets a reverent treatment in these pages rarely seen in popular religious or theological writings.

It is John Locke's revolutionary suggestion of a new possibility for economic organization, beyond the stagnant mercantilism of his era, that Novak puts in theological terms: "Creation left to itself is incomplete, and humans are called to be co-creators with God, bringing forth the potentialities the Creator has hidden. Creation is full of secrets waiting to be discovered, riddles which human intelligence is expected by the Creator to unlock. The world did not spring from the hand of God as wealthy humans might make it. After the Fall, ignorance and disorder became commonplace."

In those sentences we find a sense of possibility and a sense of sin—both essentially religious concepts that utopians and antiutopians alike have attempted, however awkwardly, to secularize. And we find a transcendent, extramundane source of rights—still the best defense against a government infected with hubris and dogmatism.

A critic could protest that Novak is simply trying to put a little religious English on the Lockean idea of progress. *Could* say that—but not if such a critic spends any time with a book as rich in scriptural lineaments and theological traditions as this. Nor does Novak flinch from the tyrannical, indeed demonic, chapters in church history. He gives more of his time, though, to taking apart the ignorant economic presuppositions of influential theologians, clergymen, and church fathers. The book is aimed not only at those who deride capitalism as bereft of spiritual values but also at those believers who accept the criticism as gospel—for these people, especially, have not studied their own traditions with the discipline and illumination required of them.

The "liberation theology" that has gripped and politicized church leaders in Latin America undergoes, in *The Spirit of Democratic Capitalism*, some of the most vigorous punching it has ever felt. Novak warms up: "The theme of liberation, one might have thought, would lead theologians away from socialism and toward 'the natural system of liberty' described so often in the Anglo-Saxon Whig tradition. It did not. The Anglo-Saxon tradition is perhaps the least known among Catholic theologians trained (as most liberation theologians have been) in Europe." There go their credentials, their very right to the word *liberation*. The knockout comes when Novak shows that Latin American economies have failed abjectly in their purported rescue of the poor, especially in comparison with North American (more fundamentally capitalist) economies.

Like the Protestant Reinhold Niebuhr and the Catholic Jacques Maritain before him, Novak has traveled a dramatic distance from a kind of late-adolescent, church socialism to a profound appreciation for the success capitalism has brought America and much of the Western world. For those who have heretofore dismissed any connection between economics and religion, this book can open doors of perception and inspiration. An utterly cocksure free-market individualist would be advised to be careful, however: someone has made Michael Novak not only a shepherd extending a crook to fugitive theologians, but a fisher of libertarians as well.

K. E. Grubbs, Jr., is editor and publisher of Greenhow Newspapers, Inc., a chain of small dailies and weeklies in upstate New York.

The Disowned Children of Ayn Rand

BY JEFF RIGGENBACH

Rereading *Atlas Shrugged* after all these years is nothing if not deeply nostalgic. For here is a book that fairly reeks of its period. Indeed, it would be difficult to name more than a couple of other novels of 25 years ago that reconjure the atmosphere of the legendary 1960s even a 10th, or a 20th, as vividly as Ayn Rand's magnum opus. Perhaps, in its very different way, Jack Kerouac's *On the Road*, which was published in the same year, 1957. Perhaps Robert A. Heinlein's *Stranger in a Strange Land* or Joseph Heller's *Catch-22*, both of which were published in 1961. I can think of no others. If any single American novel of the past quarter-century may fairly be described as one of the major definitive documents of the '60s, that novel is Ayn Rand's *Atlas Shrugged*.

To some readers this proposition doubtless seems paradoxical, even perverse. Ayn Rand an avatar of the '60s, that decade of campus unrest,

acid rock, and flower childishness? The very idea! Was it not Rand who described the Berkeley rebels of 1964 as "savages running loose on the campus of one of America's great universities" and as "contorted young creatures who scream, in chronic terror, that they know nothing and want to rule everything"? Was it not Rand who described the participants in the Woodstock music festival of 1969 as "scummy young savages" who spent the weekend "wallowing in the mud on an excrement-strewn hillside"? Was it not Rand who dismissed the New Left as "wriggling, chanting drug addicts," rock 'n' roll as "primitive music, with the even beat that deadens the brain and the senses," and the spread throughout America of the counterculture lifestyle as an "obscene epidemic of self-destruction"?

Yes, alas, it was Ayn Rand who wrote all these things. But it was not in *Atlas Shrugged* that she wrote them or in any of her other novels. It was in *The New Left: The Anti-Industrial Revolution*, one of the six volumes of essays (mostly reprinted from her monthly magazine, *The Objectivist*, or its forerunner, *The Objectivist Newsletter*) that she published between 1964 and 1971, after her novel-writing career had come to an end. And this point raises an issue worth dwelling upon for a moment.

These volumes of essays have never been anywhere nearly as popular with readers as Rand's novels have been. For every reader of *The Virtue of Selfishness* or *Capitalism: The Unknown Ideal*, there are 100 or more readers of *Atlas Shrugged* and *The Fountainhead*. And though it is no mean achievement for *Atlas Shrugged* to have remained continuously in print in hardcover for 25 years—upwards of 90 percent of all hardcover books published in this country are dead in their original editions within a year—still, it is instructive to remind ourselves that almost the same thing may be said for all of Rand's novels. *Anthem* has now been continuously in print in its original American edition for more than 35 years. In a few months, *The Fountainhead* will be celebrating its 40th year in print in hardcover. And a year or so after that, we'll be celebrating the 25th year in continuous hardcover print of the revised edition of *We the Living*. By contrast, every single one of Rand's volumes of essays is now out of print in hardcover. One and all, they survive only in paperback.

What is one to conclude from this except that a great many of Rand's readers—the overwhelming majority of them, in fact—feel no inclination to follow up her novels with her essays? It is the atypical reader of Rand who goes on from the novels to books like *For the New Intellectual* and *The Romantic Manifesto*. And two decades ago it was the atypical reader of Rand who subscribed to *The Objectivist* and signed up for the lecture courses on Randian thought offered by the Nathaniel Branden Institute. Tens of millions of Americans have read Ayn Rand's novels. Only a few hundred thousand have read her essays, and only a few tens of thousands have subscribed to Randian publications or attended Randian lectures.

The typical reader of Rand, the reader whose sheer numbers have kept her novels so persistently in print and made them, over the strenuous objections of almost all the critics and professors of our time, into bona fide classics—this reader of Rand, the one who is really responsible for her success and her longevity, knows nothing of her tantrums in print against what she took to be the spirit of the '60s. The typical reader of Rand knows only her novels. And from her novels this reader gets a very different message indeed.

Were the flower children and the campus radicals of the '60s obsessed with their own youth? Did they regard young people as uniquely qualified by the very tenderness of their years to see through and expose the evils and the hypocrisies of their elders? Did they soberly counsel each other not to trust anyone over 30? If they read *Atlas Shrugged*, they found nothing in it to dissuade them from this prejudice.

In *Atlas Shrugged*, all the heroic characters are youthful and all the evil characters prematurely aged. Dagny Taggart looks "like a young girl; only her mouth and eyes [show] that she [is] a woman in her thirties." Francisco d'Anconia, a playboy in his mid-30s, sits on the floor of his hotel room playing marbles and smiling "the unchanged, insolent, brilliant smile of his childhood." Francisco looks at Hank Rearden (who is, at 45, the most elderly of the heroes of *Atlas Shrugged*) and sees "the eyes of youth looking at the future with no uncertainty or fear." James Taggart, by contrast, "looked like a man approaching fifty, who had crossed into age from adolescence, without the intermediate stage of youth.... He was thirty-nine years old." Philip Rearden "was thirty-eight, but his chronic weakness made people think at times that he was older than his brother."

Were the young radicals of the '60s profoundly unimpressed with the offerings of their colleges and universities? So was the youthful Francisco d'Anconia in *Atlas Shrugged*. "They're teaching a lot of drivel nowadays," he tells Dagny when she asks him about his classes at the Patrick Henry University of Cleveland. And when his father asks him why he decided to start his own copper business while still a full-time undergraduate, he replies, "I couldn't have stood four years of nothing but lectures."

Were the '60s radicals openly contemptuous of establishment intellectuals, conventional wisdom, and eternal verities? *Atlas Shrugged* contains the most acid-etched portrait of establishment intellectualdom ever published in America. It stands all of contemporary conventional wisdom on its head. And as far as eternal verities are concerned, Rand herself never tired of remarking that her big novel challenged the entire Western cultural tradition of the past 2,000 years.

Were the '60s radicals feminists who believed a woman was as good as anybody else? *Atlas Shrugged* could have done nothing but fuel their fire. For here was a deeply intellectual novel written by a woman and depicting the adventures of one of the most extraordinary women to be found anywhere in 20th-century fiction—a beautiful female entrepreneur who flies her own plane, runs her own railroad, and takes her own risks and who is equally good at engineering, philosophy, tennis, housework, and sex—the sort of woman who is not only as good as any man but in fact better, better than almost any man you'll ever meet, in fiction or out of it.

Did the '60s radicals hold a dim view of the military-industrial complex? They would find nothing in *Atlas Shrugged* to teach them otherwise. If one were to judge the worlds of government, big business, and the scientific establishment purely by reading *Atlas Shrugged*, one would have to conclude that almost all big businessmen are parasitic incompetents who owe their profits to special deals worked out for them by politicians, that the scientific establishment is nothing but an arm of government, and that the principal function of government is to use its stolen resources in the invention and manufacture of loathsome weapons of mass destruction.

But all analysis of this kind is beside the point unless it can be shown that the hippies really did read *Atlas Shrugged*. And they did. The evidence for this began coming in before the '60s were over. Rand acknowledged it

herself, in the very same 1965 essay, "The Student Rebellion," in which she described the youthful campus protesters as "savages." In discussing a then-recent issue of *Newsweek* that had also focused attention on the student rebels, she wrote that the magazine had "conducted a number of polls among college students at large, on various subjects, one of which was the question of who are the students' heroes. The editors of *Newsweek* informed me that my name appeared on the resultant list."

Fifteen years later, the evidence was still there. In the late 1970s, a pair of young journalists, Rex Weiner and Deanne Stillman, teamed up with a professional pollster and conducted a wide-ranging opinion poll of self-identified "'60s people." (Sixty-two percent of the respondents reported that they had considered themselves "hippies" during the '60s, and most of the others had been sympathetic to the hippies' cause.) The results were published in 1979 by Viking Press in a book called *Woodstock Census: The Nationwide Survey of the Sixties Generation.*

One of the questions Weiner and Stillman asked their respondents called for them to list the names of individuals they had "admired and been influenced by." One respondent in six listed Ayn Rand in reply to this question. She came in 29th out of 81. And if the entertainers and politicians are eliminated so that the list contains only the names of the *authors* that hippies admired, Rand comes in tied for sixth place with Germaine Greer, behind Kurt Vonnegut, Kahlil Gibran, Tom Wolfe, Jean-Paul Sartre and Albert Camus (who tied for fourth), and Allen Ginsberg, but ahead of Rod McKuen, Hermann Hesse, Paul Goodman, Simone de Beauvoir, Norman Mailer, and LeRoi Jones.

The hippies read Ayn Rand, all right. They didn't "get into Objectivism," but they read *Atlas Shrugged*, a great many of them—*Atlas Shrugged* and Rand's other great novels of individualism. They didn't laud the virtue of reason as Rand did implicitly in *Atlas Shrugged* and explicitly in her nonfiction writings, and though the hippies might be characterized by her and others as antirational to the core, from her novels they learned to think for themselves, to go by their own judgment, and to put themselves first. They also learned that women are just as good as anybody else and that the educational, intellectual, and political establishment is rotten through and through. They knew nothing of her essays and lectures, most of these readers, so they never learned what Rand the commentator on current events thought of those who paid heed too literally to Rand the novelist and philosopher.

Certainly any hippie who did hear Rand denounce everyone who wore long hair and beads as a "chanting, wriggling drug addict" would have had little trouble ascertaining that this was one uptight lady and no friend of his. But imagine instead a young inventor, "a spot of fire alive in his mind" as he sits thinking, struggling to discover the solution to a stubborn technological problem, with another spot of fire alive in his hand, the burning point of a joint, "as his one expression."

This young inventor is trying to solve the problem of converting sunlight directly to electrical power at a reasonable cost. It is a thorny problem but one well worth the investment of a great deal of hard labor. For solving it would virtually transform human life.

Ask the young inventor what it would mean to solve his problem. "Do you see what I see?" he'll reply. "A brand-new locomotive half the size of single Diesel unit, and with ten times the power. A self-generator, working on a few drops of fuel, with no limits to its energy. The cleanest, swiftest, cheapest means of motion ever devised. Do you see what this will do to our transportation systems and to the country—in about one year?"

If a cheap, reliable solar converter had been perfected a decade ago, the young inventor will tell you, it would have meant "about ten years added to the life of every person in this country—if you consider how many things it would have made easier and cheaper to produce, how many hours of human labor it would have released for other work, and how much more anyone's work would have brought him. Locomotives? What about automobiles and ships and airplanes?...And tractors. And power plants. All hooked to an unlimited supply of energy, with no fuel to pay for, except a few pennies worth to keep the converter going."

As the initiated know, all these quotations I've attributed to the young inventor come from *Atlas Shrugged* and pertain to John Galt's motor that runs on atmospheric electricity. But the rough equivalent of that young inventor really exists somewhere. And despite his long hair, his faded jeans, and his work shirt, he is a true Randian—just as thousands of the pursuers of self-realization who made the 1970s the "Me Decade" are true Randians—just as thousands of the militant feminists, gay activists, and untraditional businessmen (dope dealers, headshop owners, street artists) who have won so much media attention over the past few years are true Randians.

All of them are truer Randians by far than grim, humorless, regimented, robotlike "students of Objectivism" who are ordinarily regarded as the truest of the true. These wretched conformists, so lacking in self-esteem that they willingly enslave themselves to someone else's ideas on every conceivable subject, so obedient intellectually that they turn their backs on a culture literally teeming with Randian ideas and denounce that culture as evil and irrational merely because they are told to do so by their mentor—these Randians are not representative of the spirit of *Atlas Shrugged.*

It was the rebels of the '60s who were the true children of *Atlas Shrugged* and *The Fountainhead.* Disowned children, certainly—cast out of the house and into the cold world for the sin of taking their mother's injunctions too literally, for adopting her ideas and ignoring her personal prejudices. But they are her children nonetheless and unmistakably. They are hers. And she is theirs.

Jeff Riggenbach, former executive editor of the Libertarian Review, *is a nationally syndicated columnist and radio commentator.*

Photograph © Eli Heller/Photo Group

VIEWPOINT

Any Way You Slice It

BY MURRAY N. ROTHBARD

For nearly two years I have been engaged in a crusade to inform any who would listen that the Reagan administration is in no sense committed to individual liberty, even, as was so widely supposed, in the area of the free-market economy. Lately I have been pushing on an open door, since the anti-free-market nature of the administration has now become clear to everyone. The sticking point for many was, of course, the Reagan $100-billion tax increase, the greatest tax increase in American history, which the Great Communicator fought for with the same moral fervor he had unleashed in his battle for a sham tax *cut* only the year before (a tax cut in itself a tax *increase*, since it was more than offset by inflationary bracket creep and by Social Security tax hikes).

The departure of principled free-market people from the administration—Martin Anderson, Paul Craig Roberts, Steve Hanke, Doug Bandow—still leaves the problem: How could Reagan do it? How could he turn against every aspect of his own program and his campaign pledges and still not see that there is anything amiss in his flip-flop?

The most interesting explanation has come from the shrewd Rep. Barber Conable (R-N.Y.), who prides himself on being a "pragmatist" eager to rise above conservative or free-market principle. In the course of a typical defense of pragmatism and an assault on inconvenient ideologues, Conable pointed out that many disillusioned conservatives simply do not understand the mind of Ronald Reagan and in their confusion have turned against the president. As Conable pointed out: "Ronald Reagan has always had a capacity to live his life in segments, the rhetorical segment and the real world. I find that some [conservative] groups are trapped by Ronald Reagan's rhetoric, and don't follow his actions."

Bearing in mind that Conable's statement is a *defense* of Reagan, it is breathtaking in its audacity as well as a fascinating revelation of the political mind at work. It is all too true, of course: Ronnie's ability to live his life in "segments" has always been remarkable, even for a politician. As governor of California he was able to double taxes and the budget and still maintain an image of a heroic foe of Big Government, a feat he is trying to replicate as president. Right now, he has the gall to urge a balanced-budget amendment to the Constitution while at the same time presiding over the biggest deficit in American history.

But what Conable is justifying and identifying as politics per se is nothing less than lying to the public on a massive and systematic scale—lying about his principles, about his goals; and doing it to try to suck conservatives and free-market people into supporting him in the presidency. The curious thing is that Conable is saying, in some bewilderment: How come all these savvy conservatives took the Reagan rhetoric seriously? Or, to put it another way, why were they so naive as to think that rhetoric and reality were in any way connected in the mind of Ronald Reagan or his administration?

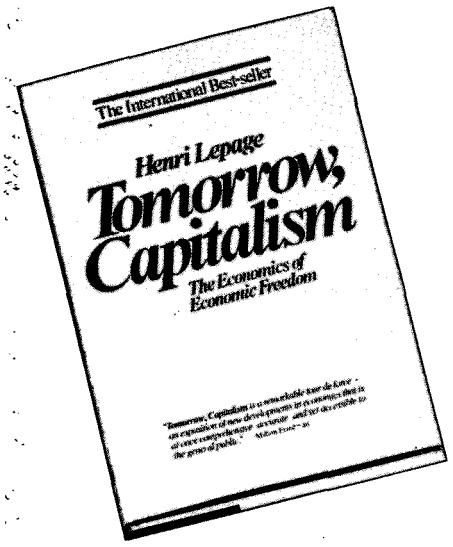
Conable fails, however, to consider a more important question that cuts to the heart of the political system: If indeed it has no connection to reality, then why do Reagan and other politicians feel called upon to use any rhetoric at all? Why don't they just go about their business of pushing us around and stealing us blind without using any rhetoric whatsoever? Why doesn't the "rhetoric segment" just drop out altogether?

The answer, of course, is that rhetoric is needed to do a vast con job on the American public and, in the case of Reagan, to induce his conservative constituency to vote for him and to support his campaigns. The deluded conservatives, both among the activists and the voting public, have to be kept in line with rhetoric that matches their intensely held principles. This misguided support then gives the "pragmatists" their chance to sell out to special interests, bureaucrats, export firms, banks, or whatever. In that way are political coalitions forged: the special interests get their boodle, and the conservatives get their rhetoric.

Ironically, Representative Conable's frank and exasperated sentiment is in danger of letting the cat out of the bag and turning conservatives and free-market people off the administration forever. For in his own way and from a diametrically opposite perspective, Conable is saying exactly what libertarians have long been saying: "Hey people, the Emperor has no clothes. All his rhetoric is just that, hokum designed to keep people happy and not designed to be put into action." In short, if Ronnie or any other politician wants to "live his life in segments," let him do so on his own time and not at the expense of the taxpayer.

Murray Rothbard is a professor of economics at Brooklyn Polytechnic Institute of New York and the author of numerous articles and books on economics, history, and the libertarian movement.

Illustration by Susan Salladé



Over 100,000 copies sold worldwide!

Tomorrow, Capitalism

The Economics of Economic Freedom

by Henri Lepage

". . . a remarkable tour de force *. . . comprehensive, accurate, and yet accessible to the general public."*
– Milton Friedman

The last 20 years have witnessed a stunning revolution in economic thought. *Tomorrow, Capitalism* explains in layman's language how the economic trailblazers in the vanguard of this revolution – Gary Becker, Ronald Coase, Nobel laureates Milton Friedman and F.A. Hayek, and members of the "Public Choice" School – have reshaped the science of economics into a comprehensive approach to the study of human problems. *Tomorrow, Capitalism* shows that if we are to solve the problems of poverty, unemployment, pollution, underproductivity, and crime we must work towards a *true* capitalism. A capitalism where economic and social policies are decided in a free market unfettered by centralized and intrusive government. An intelligent survey of economic ideas that promises to improve the "wealth of nations," *Tomorrow, Capitalism* is about the very foundations of a free society. Already translated into six languages, *Tomorrow, Capitalism* is an international best-seller. 256 pages.

Also available from Open Court

There's No Such Thing as a Free Lunch
by Milton Friedman
Friedman's effervescent economics columns from *Newsweek, New York Times Magazine,* together with his famous *Playboy* interview. 330 pages. Cloth $18.50.

Hoffer's America
by James Koerner
Hoffer's candid views on poverty, crime, education, and youth are drawn out by his friend, James Koerner. 143 pages. Cloth $12.00.

Name _____

Address _____

_____

City _____

State _____

Zip Code _____

Please enclose check or money order, or indicate credit card below.

☐ VISA ☐ MasterCard ☐ American Express

Card No. _____

Expiration Date _____

Bank No. (MasterCard only) _____

Signature _____

Please send me the following books:

	QUANTITY		PRICE
Tomorrow, Capitalism	_____	@$14.95	_____
There's No Such Thing as a Free Lunch	_____	@$18.50	_____
Hoffer's America	_____	@$12.00	_____
		Subtotal	_____
		Illinois residents add 5% California residents add 6%	_____
		Shipping and Handling	$1.75
		TOTAL	_____

Send all orders to:

Open Court Publishing Company
Box 599
LaSalle, IL 61301

or call, toll-free 800/435-6850
(in Illinois, 800/892-6831).

Allow six to eight weeks for delivery.

Boosting Brain Power

BY DURK PEARSON AND SANDY SHAW

In the last few columns we've been discussing nutrients and certain prescription drugs that have been shown to increase animal and human intelligence. This month we cover the importance to brain function of the oxidation of fats in the brain. We also describe the safe and effective use of the intelligence booster prescription drug Hydergine® (Sandoz).

Normal metabolism involves the oxidation of foodstuffs to produce energy. These oxidation reactions are all enzyme-controlled, however; otherwise, we could not survive the oxidation damage that would result. The improvement in brain functioning that sometimes results from short bouts of exposure to higher-than-atmospheric concentrations of oxygen are probably at least partially due to the stimulation (induction) of the body's production of more of these control enzymes (such as superoxide dismutase, glutathione peroxidase, and catalases).

The brain is composed largely of polyunsaturated fats, which are very susceptible to undesired uncontrolled oxidation reactions. These are called autoxidation and are caused by chain reactions of free radicals. The same type of reaction occurs when polyunsaturated oils are exposed to oxygen in the air and become rancid.

The presence of autoxidized, or rancid, fats in the brain has many undesirable effects:

- Autoxidized fats are carcinogenic (can cause cancer).
- They inhibit the activity of immune system T-cells and macrophages (special white blood cells that prevent disease by attacking and eating viruses, bacteria, cancer cells, and atherosclerotic plaques).
- They cause mutations in the DNA blueprints in brain cells (which can lead to abnormal brain cells not capable of performing their original function or, rarely, to brain tumors).
- Autoxidized fats make up part of brown, cell-clogging, aging pigments called lipofuscin, both in the skin (colloquially known as "age spots" or "liver spots") and in the brain. Created in part by free-radical chain reactions, lipofuscin pigment buildup in brain cells can result in the destruction of fine branches (neurites) connecting these cells and allowing them to communicate with each other. The lipofuscin is believed to damage these neurites by blocking the flow of nutrients within the nerve cells.
- In general, autoxidized fats contribute to a chain reaction of deterioration and aging in the brain.
- They are atherogenic (atherosclerosis-causing).
- Autoxidized fats inhibit the production of prostacyclin, a hormone that lines all normal arteries and prevents abnormal blood clotting. They can also promote cell membrane damage and the production of thromboxanes, both of which promote clotting. Blood clots in the brain are the cause of about 85 percent of all strokes.

In one feeding experiment performed on rats, safflower oil containing polyunsaturated fatty acids resulted in a performance decrease—the rats were less intelligent—than when fed an equal number of calories of butter, a saturated fat. It is very likely that this result was due to damage from free-radical autoxidation. Other scientists have found that damaging free-radical autoxidation reactions in the body and brain can be inhibited by feeding animals and humans antioxidant nutrients, which include vitamins C, E, A, B-1, B-5, B-6, and choline; the amino acid cysteine; and minerals zinc and selenium. It is advisable, therefore, to avoid excessive consumption of polyunsaturated oils and to take adequate quantities of the free-radical controlling antioxidant nutrients.

The prescription drug Hydergine® is a very interesting substance that increases intelligence in normal humans, as well as improving mental function in older persons with mild to moderate symptoms of senility. In a group of normal persons, a dose of 12 milligrams of Hydergine® per day for two weeks resulted in reported improvements in tested cognitive abilities, including memory and abstract reasoning (the ability to find a pattern hidden in a series of abstract line drawings).

Neurotransmitters are chemicals that particular nerve cells use to communicate with each other. But inside the cell membrane of the receiving cell, a special "second messenger" called cyclic AMP delivers the message to the nucleus (where the message interacts with the DNA control system). Hydergine® regulates the levels of cyclic AMP by partially inhibiting the enzymes that degrade it and by protecting the free-radical-sensitive enzyme that manufactures it, thereby preventing the cyclic AMP from becoming either too high or too low.

Hydergine® provides substantial protection to the brain against non-enzymatically controlled autoxidation reactions. It slows lipofuscin buildup in brain cells by a factor of four. Because of its powerful antioxidant effects, it protects the brain from free-radical damage that runs rampant under conditions of low oxygen availability. In Europe, but not in the United States, Hydergine® is routinely given surgery patients so that, if complications arise (such as cardiac arrest), there is more time to correct the situation before brain damage occurs. During open heart surgery (such as coronary bypass) in the United States, patients frequently suffer brain damage, sometimes severe. The use of Hydergine® preoperatively would be a wise precaution to prevent this damage; it can also help recovery to some extent when damage has already occurred.

Evidence suggests that Hydergine® acts in a similar way to the natural hormone nerve growth factor (NGF) to stimulate the growth of the neurites that connect nerve cells and allow their intercommunication. Neurites are essential for learning and memory. One reason you can't teach an old dog new tricks is that his brain is less able to make neurites. It may take six months to two years for benefits from neurite growth to manifest themselves in humans. Hydergine® also increases protein synthesis in the brain, which is required for learning.

We consider the FDA recommended dose of 3 milligrams per day inadequate to provide the intelligence- and neurite-promoting effects. In Europe, 9 milli-

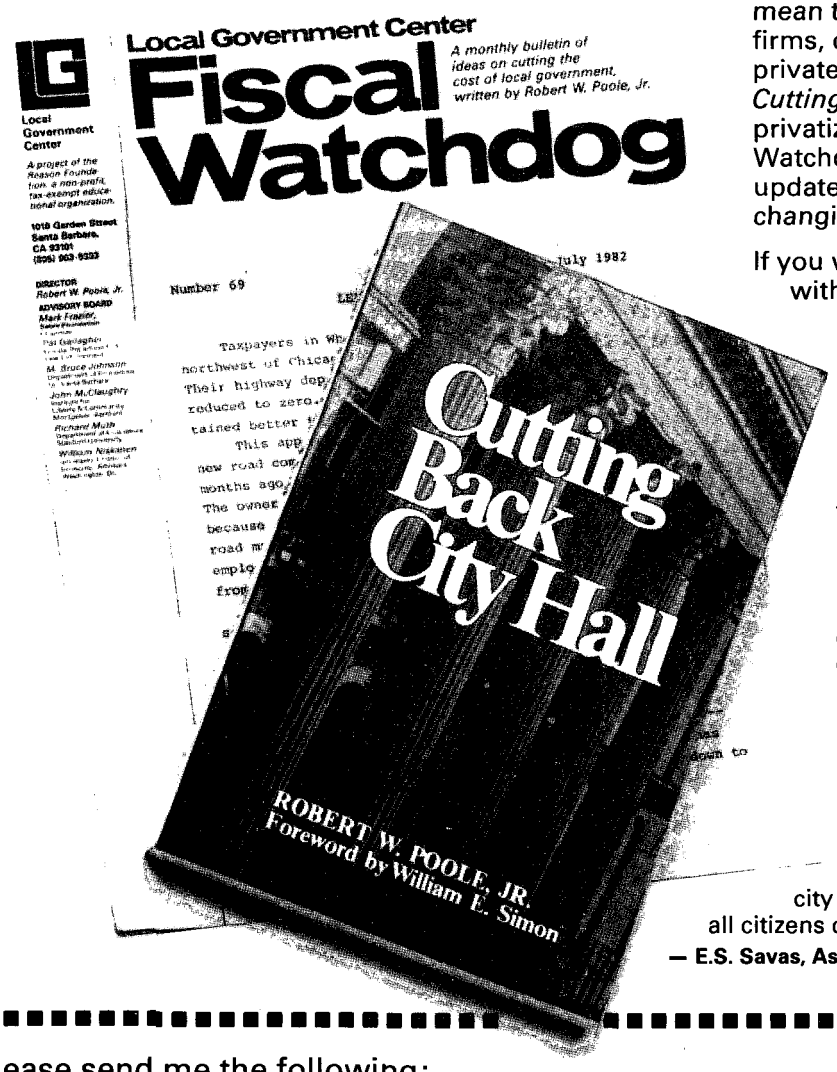
(Continued on p. 72)

We invite questions of general interest from our readers. Send your query along to REASON Health & Welfare, Box 40105, Santa Barbara, CA 93103. (A limited number of reader questions can be answered in print; personal replies cannot be made.)

Copyright © 1982 by Durk Pearson and Sandy Shaw

Public Services for *Less* Money?

Our cities are in big trouble. Transit systems are going broke, police and firemen are being laid off, bridges and water mains are crumbling. And now federal aid is being cut back.


Local Government Center
Fiscal Watchdog
A monthly bulletin of ideas on cutting the cost of local government, written by Robert W. Poole, Jr.
Local Government Center
A project of the Reason Foundation, a non-profit, tax-exempt educational organization.
1018 Garden Street
Santa Barbara, CA 93101
(805) 963-9338
DIRECTOR
Robert W. Poole, Jr.
ADVISORY BOARD
Mark Frazier,
Number 69
July 1982
Cutting Back City Hall
ROBERT W. POOLE, JR.
Foreword by William E. Simon

But there is a solution: *privatization.* That can mean turning services over to competing private firms, charging users market prices, or shifting to private, voluntary mechanisms. Robert Poole's *Cutting Back City Hall* is the definitive volume on privatization of local public services. And his "Fiscal Watchdog" newsletter provides regular monthly updates on the latest developments in this rapidly changing field.

If you want tools to help your community cope with the New Federalism, these materials are just what the doctor ordered.

What the Experts Say:

"A call for the next step — the positive reconstruction of our local governments through free market alternatives."

— from the Foreword by William E. Simon, former Secretary of the Treasury

"This book should be an inspiration to anyone — citizen or official — who is concerned with rising costs and inefficiency in our towns and counties. Poole shows, with commonsense clarity, how the costs of services can be reduced without sacrificing quality."

— Karl Hess, author of Community Technology and Dear America

"This book is overflowing with challenging ideas on how to cut back and simultaneously improve city operations. It should be read by public officials and all citizens concerned with good government."

— E.S. Savas, Assistant Secretary for Policy Development and Research, HUD

Please send me the following:

- ☐ **Cutting Back City Hall** (hardbound) $13.50
- ☐ **Cutting Back City Hall** (paperback) $6.95
- ☐ **Fiscal Watchdog, one year** $20.00
- ☐ **Fiscal Watchdog back issue list** — free

☐ CHECK ☐ VISA ☐ MASTERCARD

CARD NUMBER _____ EXPIRATION DATE _____

SIGNATURE _____

NAME (PLEASE PRINT) _____

ADDRESS _____

CITY _____ STATE ____ ZIP ____

Local Government Center,
1018 Garden Street,
Santa Barbara, CA 93101

Down on the Dow

BY STEVEN K. BECKNER

As always, the venerable Dow Jones Industrial Average has been the public's market barometer during the recent record-breaking Wall Street rally. But how good an indicator of stock trends is it, really?

The Dow hasn't come by its high profile by chance. After all, the index has been calculated and published for nearly 54 years. But can an index of just 30 industrial giants really tell the full tale of the tape?

For instance, while the Dow was skyrocketing 14.7 percent from its August 13 low of 777 to 891.17 on August 23, other market indices were lagging behind. The American Stock Exchange's 900 stocks advanced 10.2 percent over the same period. The over-the-counter market's 3000-issue NASDAQ index rose only 6.74 percent. The Standard & Poor's 500 index came closest, rising 11.8 percent. Conversely, on August 24, while the "blue chip" stocks that make up the Dow fell 16.27 points, smaller-company shares on the over-the-counter market and the Amex rose 2½ and 3½ points, respectively.

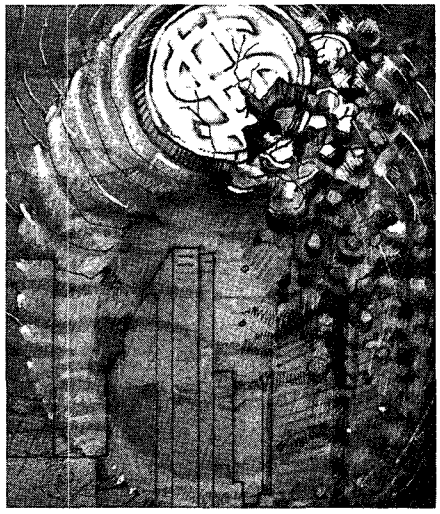
With such discrepancies, many analysts are calling the Dow misleading, if not obsolete. They note that until recently the last major change in the index came in June 1979.

"As far as I'm concerned it's useless," Herbert Saturn, Washington assistant manager of Drexel, Burnham, Lambert told me. "A perfect example is August 24. The Dow was down 16 points, and yet advances led declines 960 to 700. Ridiculous." He said many investors were calling to inquire why their stock languished while the Dow soared.

The Dow "is not nearly as good an indicator as the Standard & Poor's 500," maintains Washington financial adviser Barry Goodman. "It includes a heck of a lot more stocks and is a better indicator of the market in general."

But the Dow has its defenders. Monty Gordon, research director for Dreyfus Securities in New York, agrees that the S&P 500 is "a better indicator of what the broad market is doing." And he concedes the Dow is too limited at a time when "the market and the economy itself have gotten so much larger and more diverse."

But then Gordon ticked off a list of positives. Because of its "historical perspective," he noted, "the Dow is so identified with the market" that the "whole structure of technical analysis has grown up around it." Moreover, added Gordon, it includes "the leaders in different industries" that are "cyclically responsive" and "give a broader perspective on the market." Although its



components were the focus of a heavy institutional buying panic in the third week of August, the Dow was "a pretty good indicator in that the market moved up broadly," Gordon contended.

No market average is perfect, argues Charles Stabler, assistant managing editor of Dow Jones's *Wall Street Journal.* "If a lake is an average three feet deep, it can be deeper than that in some places." In the long run, said Stabler in an interview, the Dow and other indices "really don't diverge." True, he said, second-tier stocks have lagged behind, but "it's perfectly reasonable" to expect that they'll catch up "when the move in the big capitalization stocks runs out."

Stabler also defended the Dow from the frequent criticism that it includes a utility, AT&T. "Although it's a large utility, it's also a large manufacturer through its Western Electric subsidiary. It also performs more like an industrial than a utility."

Asked if Dow-Jones is contemplating any future changes in its index's composition, Stabler said in late August, "We're constantly looking at it, but nothing is contemplated now." A few days later, a bankrupt Manville company was excised.

No investor should "use the Dow alone," stressed Gordon, but as far as public perception is concerned, "the Dow as a surrogate for the market is not a misplaced confidence. If an individual is looking for some idea of what the market is doing, the Dow is a reliable indicator."

On October 1, four futures exchanges began trading options on commodity futures contracts (see my October column) for the first time since 1936. So far, investors can buy or sell options contracts in gold, sugar, and Treasury bills.

Unfortunately, after interminable bureaucratic delay, this "pilot program" of commodity options may not get a fair trial. Because the Commodity Futures Trading Commission (CFTC) has forced the exchanges to impose high margins on the writers (sellers) of options, there is concern in many quarters that options will not achieve sufficient volume to have a chance at success.

Although option buyers pay only a fixed premium for the right to buy or sell at a certain "strike price," option sellers face futures-like risks and must post margin equal to their premium income plus the usual margin on the underlying futures contract. This steep margin could dissuade many option writers from selling options at a reasonable price and discourage many investors from buying them.

Not so, says James Day, who heads the options department of Chicago-based Heinold Commodities. He predicts that despite the CFTC's "onerous and illogical" margin rules, options will be "in such demand that (commodity) markets will explode like never before." He says 20 million people who now trade options on stocks will be potential commodity option customers—particularly when stock futures options become available. "The benefit of knowing your risk in advance is a powerful drawing card," says Day.

Steve Beckner is a financial reporter and columnist for the Washington Times *and the author of* The Hard Money Book.

Illustration by Trish Reynales

Space Saver

BY PATRICK COX

Stan Kent is a successful aerospace engineer who recently quit his job at Lockheed to devote full time to his personal goal of encouraging Americans to "get into" space. Over the last two years, in his spare time, he has raised almost $200,000 in contributions to fund research in space-related activities. He speaks regularly before school, civic, and technical groups about the economic promise of space development. He acts as a space broker, putting businesses interested in space exploitation in touch with those who can manage it. And he's starting up Astrospace, a profit-making research firm.

The most surprising thing about Kent is what he is not. He is no one's stereotypical vision of a research scientist. The 26-year-old English expatriate often looks, from his hair and dress, like a new wave rock star. Standing over a synthesizer in the back room of his offices in San Jose, California, Kent plays with the chords and the programmable harmonies that he uses to provide sound for the presentations that he and his group of volunteers give all over the country. The room is filled with electronic paraphernalia and computer hardware. Kent looks as happy as a kid playing video games, but he is working toward more than a mere arcade simulation of space travel.

The name on the office door is Delta Vee, taken from the mathematical symbol for a change in velocity. Kent and those who have rallied to his call are dedicated to changing the pace of the human progression into space. "Space is too important to be left to the government," he told REASON. "It's really a question of marketing. Last year, $2.1 billion in quarters was spent on space-related video games, which is public participation. That figure shows that the people behind the space program have got to wise up."

Stan Kent was born and raised in "the working-class slums" of London. "There was *no* future," he says. "You would get out of school when you were 15 and go to work in the coal mines or the steel mills and that was it. That's what kids do for the rest of their lives, and when they retire the government puts them on the dole and they live happily ever after."

About the same time Kent started thinking that "there had to be something better," the US government was sending the *Apollo* rocket to the moon. "It said to me," Kent recalls, " 'Boy, there's a country on this planet that wants to do something.' "

He wrote a letter to NASA and was astounded when they sent him information about how to get into space sciences. Though no one else in his family ever considered higher education, Kent won scholarships to American universities and has not been back to England since. While earning his masters degree at Stanford University, he developed a method for converting a discarded fuel tank into a freight delivery system for goods manufactured in space. At the International Astronautical Federation Congress at Dubrovnik in 1978, his work was chosen as the most outstanding student paper in the world, winning him a gold two-ounce Hermann Oberth medal.

STAN KENT

Kent started Delta Vee, the nonprofit corporation that has raised $200,000 so far, when the government cut funding for receiving and processing data coming in from the Viking lander on Mars. With an initial free ad in *Omni* magazine, Kent started raising money with his plea to "Feed a Starving Robot." Thirty percent of Delta Vee's funds now comes from the sale of T-shirts and trivia related to space.

But it proved almost impossible to give the money to the Viking project. NASA officials told Kent that the law prohibits donations to government agencies for specific purposes. But Kent made history with the help of a group of NASA engineers who zeroed in on an obscure civil code allowing businesses to hire the government to perform services, as when AT&T pays NASA to launch a communications satellite. So Delta Vee has "hired" NASA to collect and analyze the Viking data. "That just goes to show you," Kent beams, "that if you are bloody-minded persistent, you can even change the US government."

Delta Vee is now trying to raise funds to contribute toward the exploration of Halley's comet, due in 1986, an effort that the government has nixed. Though Kent's stated goal is to free the space program from dependence on government money, one does have to wonder whether the purpose of the Halley's Comet Fund is to help pay for the $250,000 cost of a probe into the comet or to shame the government into funding the project. If the US government does not send its own mission, the money will presumably go toward the European effort.

Though Kent is generally supportive of the free market, he hasn't brought himself to oppose the spending of tax monies on space exploration. The space program, he says in his defense, is the only government program that ever yielded a positive return to the American public.

The young engineer worries that there is no more "west" where freedom and initiative can flourish. "I'm seeing things happen in the United States that were happening in England 15 years ago, and I'm afraid that this country could end up like so many other European countries, run by unions and bureaucrats." He doesn't regret leaving England and notices that many of Great Britain's most innovative, individualistic minds are coming to America. He says, "If I thought the English wanted to change, I would have stayed." And if America becomes more like England? "I've gone as west as I can go. Now there's only one way left," he says, pointing to the sky.

Patrick Cox is a free-lance writer.

arts & letters

MOVIES

Reviewed by John Hospers

Split Image

Almost a year ago a Canadian film, *Ticket to Heaven*, was released but was shown in only a few theaters in the United States. Its protagonist was a young man who, lacking assurance and independence of mind, became involved in a religious cult. Through the charismatic personality of cult leaders and the repeated chanting of slogans, the cult gradually transferred control of his mind and will from himself to the cult. His parents hired someone to kidnap him and forcibly deprogram him while he was locked up in a bedroom over a period of weeks.

Now an American film has appeared, *Split Image*, with an almost identical plot: the vague dissatisfaction with life, the emotional dependency on the approval of others, the psychological attraction of the cult, the quelling of doubts, the enforced rituals, the kidnaping, the deprogramming. The best scenes in *Split Image* are those involving actor James Woods (the killer in *The Onion Field*) as the determined deprogrammer, whose behavior induces revulsion but at the same time a certain grudging admiration for the effectiveness of his methods.

Split Image contains several powerful scenes, but it is no better than its much less publicized predecessor. The most dramatic part of the story, the deprogramming, is in fact more convincingly done in *Ticket to Heaven* than in *Split Image*. Example: when the new recruit in *Ticket* accompanies the seasoned veteran of the cult selling flowers on the street to raise money, he is told to say, "It's for our drug rehabilitation program." But after the sale the new recruit says, "But that's a lie—we don't have a drug program." The veteran smiles sympathetically: lying in the service of a good cause is all right. "That was Satan's money—we just got it back again, to use for God." But how can God command lying and stealing? "Ah, you're doubting again—doubts come from Satan," and they kneel on the sidewalk together to pray that no more doubts shall cloud the mind of the new recruit. Later, during the deprogramming, it is these very doubts, never fully suppressed, that are played upon to get the ex-recruit to reclaim his self-identity. In *Split Image*, by contrast, the means employed to deprogram are more physical than mental, and they carry less conviction. There is less emphasis than in the earlier film on getting the subject entrapped in his own inconsistencies, and hence the newer film misses an opportunity (fully exploited in the earlier one) to generate a unique tension and power. Both films, however, deal intelligently with the same subject, and both are eminently worthy of being seen.

Inchon

In most respects *Inchon* is an extraordinarily bad film. The script contains more tired clichés than any other in recent memory. The dialogue would have seemed inane even in 1930. The plot—the part dealing with the personal lives of the participants, not the military operations—is simplistically contrived. Example: when a nice officer has both a wife and a mistress, and the background is war, you can be sure that one of the two will be killed before it's over, and predictably this happens. In real life, General MacArthur, the central character in this film, was eloquent in speech and master of the *bon mot*; in this film, many of his pronouncements have been reduced to religious platitudes and remarks worthy of a functionally illiterate high school dropout. And Laurence Olivier as MacArthur has substituted for his British accent a form of American speech so flat and dreary that the real MacArthur would have retched at the sound of it.

Yet there are reasons for some people to see this film. Like another aesthetic turkey last year, *Lion of the Desert*, which dramatized to most audiences for the first time the horrors of the Italian invasion of Libya in the 1930s, this one tells the story ($50 million worth, with no expenses spared) of the savage North Korean invasion of South Korea in 1950 and culminates in a step-by-step presentation of the counterattack at Inchon by the UN forces, under virtually impossible conditions, to cut off the invader at the most strategic point. MacArthur's invasion plan was one of the most brilliant strategic moves in military history, and it is thoroughly detailed in this film.

This is a stridently anti-Communist film, and those critics who can forgive the anti-Communism cannot forgive the stridency. Nor can they forgive the financing of the film by Rev. Sun Myung Moon, though it was done not as propaganda for his religious cult but as a cinematic record of the invasion of his country, lest the world forget that it ever happened. The ordinary viewer, who is quite indifferent to critical acclaim or condemnation, is not likely to forget it. It isn't as good as reading history, but it's something.

Sleeping Dogs

Increasing numbers of citizens are unhappy with the current government. Some become revolutionaries and start shooting people down in the streets to replace the established order. The prime minister declares martial law in order to deal with the revolutionaries. But in doing so the government increasingly uses the same methods as the revolutionaries: some innocent people are shot; others are rounded up for interrogation and confinement without trial. Gradually the moral distinction between the two regimes becomes blurred. What is the individual to do who is caught between these conflicting forces, threatened by each with torture and death if he does not attempt to discover and disclose the secret plans of the other?

Sleeping Dogs is a minor but well-done political thriller from New Zealand that it would be easy, but unfortunate, to miss. It illustrates some of the recurring problems involved in political allegiance. If you need order through law, and the law or its methods of enforcement become more and more imperfect, should you go along with those who want to change it by force, including the use of methods of which you disapprove? And in the process, what happens to the revolutionaries themselves, who begin as idealists but end up as despots who would use any kind of terror to squelch those whom they oppose? The film shows dramatically why it is that violent revolution usually causes a regime that is semi-totalitarian to be replaced by another that is totally totalitarian and how the ideals of even the most conscientious and nonaggressive people become corrupted by the methods they are made to use as they seek to institute changes.

John Hospers teaches philosophy at the University of Southern California.

reason
Free Minds and Free Markets / February 1982 / $2.00
INSIDE TOM & JANE'S POLITICAL
CED
reason
Free Minds and Free Markets / June 1982 / $2.00
Annual Financial Issue
Billions Down the Drain
By William Tucker
Swindles in Sweden
Midair Collisions
Plus investment ideas from Doug Casey, George Gilder, Franz Pick, and others

THE GIFT THAT DOESN'T GIVE IN

Special Holiday Rates

First gift: $15 Second gift: $13

Additional gifts: $11 each

(Add $8 per subscription outside USA.)

This year give the gift that challenges the mind — give your friends and relatives the gift of REASON. REASON doesn't give in to the conventional wisdom, and it keeps on giving twelve times a year. Our special holiday rates make REASON a very affordable gift, and shopping by mail saves you time and hassles. Send us your gift list today, and let REASON send your season's greetings month after month. We'll also send a handsome gift card in your name to every recipient.

3024

Mail to: REASON, Box 28897, San Diego, CA 92128

I want to send a year of REASON to the people I've listed on a separate sheet. (Please *print* names and addresses; use a separate sheet of paper or the handy insert card in this issue.)

I am ordering _____ gift subscriptions.

☐ My check or money order for $_____ is enclosed.

☐ Please bill me in January. ☐ Charge my credit card.

☐ Visa ☐ Mastercard

CARD NUMBER EXP. DATE

SIGNATURE

YOUR NAME (PLEASE PRINT)

ADDRESS

CITY STATE ZIP

LICEN

LANGUAGE

The Gingham Dog And the Calico Cat

By Richard Mitchell

For some reason, we have not convinced the rapidly multiplying proponents of the back-to-basics-with-the-Bible "education" movement that we are *not* on their side. What's wrong with us that we haven't figured out how to offend those usually truculent and combative enthusiasts? We have had no trouble in offending their mirror-image counterparts, the silly educationists, who hold *exactly the same* thematic belief—that knowledge and reason are not enough—and who "educate" by *exactly the same* method—the modification of behavior through persuasion addressed to the sentiments. The details don't matter where the principle is rotten.

One of those "Christian school" newsletters recently reprinted portions of a piece from the *Underground Grammarian* called "The Answering of Kautski," in which we considered similarities in educationism and bolshevism. We quoted Lenin's famous line about "teaching" the children and planting a seed that will never be uprooted. We also quoted (and the reprint *did* include) a much less familiar Leninism, saying that most people are not capable of thought, and all they need is "to learn the words."

The readers of the newsletter were presumably confirmed in righteousness by an essay linking what schools do to what Lenin said. It did not occur to them, apparently, that Luther, to whom Reason was just "the Devil's whore," also said as much and, in so saying, echoed whole choirs of orthodox theologians.

There is only *one* Education, and it has only *one* goal: the freedom of the mind. Anything that needs an adjective, be it civics education or socialist education or Christian education or whatever-you-like education, is *not* education, and it has some *different* goal. The very existence of modified "educations" is testimony to the fact that their proponents can not bring about *what they want* in a mind that is free. An "education" that can not do its work in a free mind, and so must "teach" by homily and precept in the service of *these* feelings and attitudes and beliefs rather than *those*, is pure and unmistakable tyranny. And it is *exactly* the kind of tyranny, "tyranny over the mind of man," to which Thomas Jefferson swore "eternal enmity" on—on what?—on "the altar of God."

Jefferson was not a bolshevik. He wrote to a nephew:

Question with boldness even the existence of God; because, if there be one, he must more approve of the homage of reason than that of blindfolded fear.

No bolshevik can say the equivalent in *his* system of belief: Question boldly even the existence of the dialectical process and the withering away of the state. Jefferson's admonition ought to raise provocative questions for those who like to claim that the Republic was founded on *their* "religious" principles, but it doesn't. Bolsheviks are not the only ones who never think of asking certain questions.

There is only one Education, and it has only one goal: the freedom of the mind.

Reason is not the devil's whore. It is the whore's devil. To those who have sold their minds for some comfortable sentiments and comforting beliefs, reason is the adversary to be hated and feared, the bringer of doubt and difficult questions, the sly disturber of the peace. To children who are led into whoredom, it matters not at all *which* sentiments and beliefs they are given in return for the freedom of their minds. Whatever the fee, they can not judge its worth.

Sometimes it seems that every illusion that cripples the mind is taught in schools. The silly notion that if one ideological faction is wrong the other must be right is planted in our minds by the *belief* that true/false tests have something to do with education. We imagine some real difference between Republicans and Democrats, liberals and conservatives, government educationists and church educationists. They are all alike. Their prosperity depends on our believing that beliefs and sentiments—*theirs*, of course—are somehow *finer, nobler*, more *virtuous* or *humane* than mere reason.

Half past twelve is coming on, and neither the church cat nor the dog in the manger has slept a wink. Should we do something, or should we hope that they'll eat each other up? Will burglars steal *this* pair away? Will the Christian newsletter reprint all this?

Richard Mitchell is the author of Less Than Words Can Say *and the publisher of the* Underground Grammarian, *from which this column is adapted.*

COMING ATTRACTIONS

City Plights: Why are some cities declining and others booming? Age doesn't tell the story and neither does geography and climate. The surprising answer has much to do with cars. . . and governments.

Kristol Clarified: *Esquire* called him the godfather of the neoconservatives. In a REASON interview, Irving Kristol talks about his intellectual journey from socialism, why he's for censorship, what Reagan is doing right and wrong, . . . and more.

Feet to the Fire: What happens when an "essential public service" is left to the free market and the firm providing the service does a lousy job? REASON put an investigative reporter on to the story of a town with private fire-fighting service to see how the problem was solved.

Plus: Durk Pearson and Sandy Shaw with a new series of columns on pollution, book reviews by Marva Collins and William Niskanen, Viewpoints from Jim Davidson and Tom Bethell, and all of REASON's regular departments and features.

(Continued from p. 10)
he started and Roosevelt carried on were socialist. We conservatives have had a devil of a time trying to take back the Republican Party from the progressives. Now that we have finally done it, it seems that the eastern establishment (read CFR, Trilateral Commission) has managed to get most of themselves appointed to high places in the Reagan administration.

Harriet S. Nelson
Bothell, WA

Flat-Rate Benefits

I regret that Dr. Rothbard's Viewpoint (Sept.) on flat-rate taxation was a disappointment. Precisely, the difficulty I find with Dr. Rothbard's analysis is that, of necessity, he must support continuation of the current system as the alternative to the reform proposed. That the good doctor does not like the present system either is irrelevant. For, since the state is not going to abdicate or evaporate tomorrow, taxation will continue for the foreseeable future.

Ironically, Dr. Rothbard has hit the nail right on the head concerning *why* flat-rate taxation is such a good, political idea: the poor and the rich will reap "goodies" while the middle class "will undoubtedly have to shell out when the dust has settled and the piper will have to be paid." And who is in a better position to tell Congress to cut out the boondoggling than that vast middle class which is not going to be happy with the new arrangement of accounts?

In short, Dr. Rothbard needs to put his economics degree away for a little while and learn a little of the art of political finesse. Simply being against the corporate state does not get us away from it. The way one gets a democratic government to move toward a goal one desires is to get as many people as possible pissed-off at that portion of the current arrangement one does not like. The flat-rate income tax is the surest and quickest road toward that goal of reducing government activities by limiting the purse. It has the added advantages of (1) justice in the sense of eliminating from taxation the communistic principle of "ability to pay," (2) uniformity in the sense of setting one rate which everyone knows and personally can judge as to its sufficiency, and (3) integrity in the sense that a crooked politician no longer can gain election by telling one constituency that he will support those programs and tax policies which benefit it at the expense of another constituency, to which will be assigned all the costs and burdens via adjustment of tax brackets....

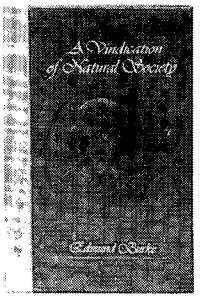
Robert B. Crim
Naugatuck, CT

Philosophical Questions

Judging by Ross Levatter's review of it (Oct.), Robert Nozick's *Philosophical Explanations* presents ideas and arguments that are wholly compatible with, if not quite supportive of the principles of a fully free society. Dr. Levatter's review tells enough of the story in Nozick's book for anyone to doubt this supposed compatibility, however.

For example, the idea that coercion includes "forcing others to believe things" by means of sound arguments is extremely troublesome. This view is not unrelated to an earlier discussion of Nozick's in which he argued that offering someone a very high value in return for something the person would rather not do—for example, life-long financial security or emergency medical care for demeaning work or service—is a form of

LibertyPress
LibertyClassics



A Vindication of Natural Society

By Edmund Burke
Edited and with an Introduction by
Frank N. Pagano

A new edition of Edmund Burke's first published work. The *Vindication* was issued anonymously in 1756 as a letter attributed to "a late noble writer." In 1757 Burke produced a revised version with a new preface but still did not attach his name to the work. This Liberty*Classics* edition is based on the 1757 revision.

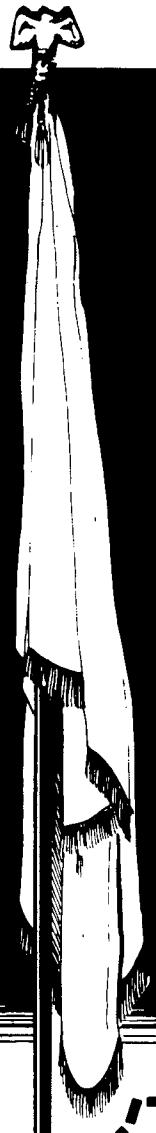
From the time of its first appearance, the *Vindication* has been controversial. Some have argued that it shows that the young Burke was a radical thinker very different from the great conservative of later years. Others have considered the work to be primarily satirical. In either case, it is probably Burke's most philosophical work on social and political questions. In it he comments on many earlier writers, including Hobbes and Locke. Hardcover $8.50, Softcover $4.50.

Prepayment is required on all orders not for resale. We pay book rate postage on prepaid orders. Please allow 4 to 6 weeks for delivery. *All* orders from outside the United States *must* be prepaid *in U.S. dollars*. To order, or for a copy of our catalogue, write:
Liberty*Press*/Liberty*Classics*
7440 North Shadeland, Dept. E116
Indianapolis, IN 46250

THE FIRE WITHIN
by Joe David

"(The novel) which exposes public 'education' for the fraud it really is— a coercive institution of indoctrination."

Alicia Patti
Libertarian Digest



THE MULTI-BILLION-DOLLAR RACKET

Unlike today's disposable "literature", **THE FIRE WITHIN** by veteran writer and educator, Joe David, is a fast-paced, no-nonsense novel which goes after the real story. . . in this case, the multi-billion-dollar racket called public school "education".

- WHY can't students think for themselves?
- WHY have they given up their dreams by dropping out?
- WHY are drugs and violence rampant in the schools?
- WHY does the government spend billions of the taxpayers' money spreading this evil?
- And WHAT is the only rational solution to the problem?

After reading this powerful story about a teacher's attempt to re-ignite in each of her students that special fire of life so ruthlessly put out by the schools, the answers to these questions (as well as others) will be clearly understood by the reader. He will never doubt again who the real criminals in our society are. His mind. . . his ability to reason objectively. . . will provide him with sufficient evidence to indict the entire public school system for crippling the minds of its students and turning them into a generation of mental robots.

ORDER BLANK

Please send me _____ softback copies at $4.95 each _____ hardback copies at $10.95 each of **The Fire Within** by Joe David. Add $1.50 for postage and handling, plus 4% tax for Virginia residents. Visa and Master Charge and money orders get prompt service. Allow 3 weeks delivery.

Name _____
Address _____
City _____ State _____ Zip _____
Telephone _____
Credit Card # _____ Exp. _____
_____ Visa _____ Master Charge
Signature _____

Make Checks Payable To: **Books For all Times, Inc.**
Post Office Box 2
Alexandria, Virginia 22313
(703) 548-0457

coercion.

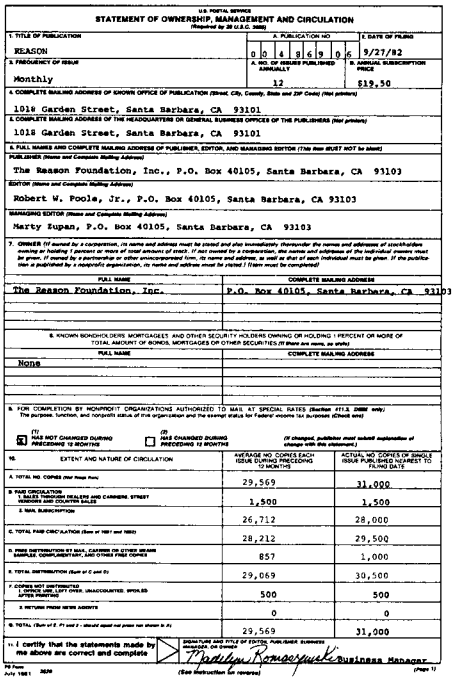
It is no help here to observe, as Levatter does rather generously, that "Nozick does not believe all coercive acts are actionable," since that is to beg the question. A fully free society would uphold individual liberty as its highest political ideal, and coercion, in general, is the central threat to such liberty. Marxists, for example, have argued, precisely along lines that flow from Nozick's conception of coercion, that the propertied class coerces the working class by offering its members the very high value of subsistence in return for the very reluctantly performed service of labor. This kind of coercion, for Marxists, is not only actionable but deserves revolutionary response. If such offers *are* coercive, as Nozick believes, the advocate of a free society will have to accept that the worker's right to freedom is violated by the capitalist *and* that this must be remedied by law.

There may be ways of overcoming this result of Nozick's analysis, but for Levatter to fail to even try to come to grips with the issue, if ever so sketchily, is not good reviewing in a magazine like REASON. . . .

Tibor R. Machan
Department of Philosophy, SUNY
Fredonia, NY

The Joy of Nozick

Ross Levatter's review of Nozick's *Philosophical Explanations* (Oct.) was a



STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

1. TITLE OF PUBLICATION	A. PUBLICATION NO. 0 0 4 9 6 9 0 6
REASON	9/27/82
3. FREQUENCY OF ISSUE	A. NO. OF ISSUES PUBLISHED ANNUALLY 12
Monthly	B. ANNUAL SUBSCRIPTION PRICE $19.50

4. COMPLETE MAILING ADDRESS OF KNOWN OFFICE OF PUBLICATION (Street, City, County, State and ZIP Code) (Not printers)
1018 Garden Street, Santa Barbara, CA 93101

5. COMPLETE MAILING ADDRESS OF THE HEADQUARTERS OR GENERAL BUSINESS OFFICES OF THE PUBLISHERS (Not printers)
1018 Garden Street, Santa Barbara, CA 93101

6. FULL NAMES AND COMPLETE MAILING ADDRESS OF PUBLISHER, EDITOR, AND MANAGING EDITOR (This item MUST NOT be blank)

PUBLISHER (Name and Complete Mailing Address)
The Reason Foundation, Inc., P.O. Box 40105, Santa Barbara, CA 93103

EDITOR (Name and Complete Mailing Address)
Robert W. Poole, Jr., P.O. Box 40105, Santa Barbara, CA 93103

MANAGING EDITOR (Name and Complete Mailing Address)
Marty Zupan, P.O. box 40105, Santa Barbara, CA 93103

7. OWNER (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.) (Item must be completed)

FULL NAME	COMPLETE MAILING ADDRESS
The Reason Foundation, Inc.	P.O. Box 40105, Santa Barbara, CA 93103

8. KNOWN BONDHOLDERS, MORTGAGEES, AND OTHER SECURITY HOLDERS OWNING OR HOLDING 1 PERCENT OR MORE OF TOTAL AMOUNT OF BONDS, MORTGAGES OR OTHER SECURITIES (If there are none, so state)

FULL NAME	COMPLETE MAILING ADDRESS
None	

9. FOR COMPLETION BY NONPROFIT ORGANIZATIONS AUTHORIZED TO MAIL AT SPECIAL RATES (Section 411.3, DMM only)
The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes (Check one)
☒ (1) HAS NOT CHANGED DURING PRECEDING 12 MONTHS ☐ (2) HAS CHANGED DURING PRECEDING 12 MONTHS (If changed, publisher must submit explanation of change with this statement)

10. EXTENT AND NATURE OF CIRCULATION	AVERAGE NO. COPIES EACH ISSUE DURING PRECEDING 12 MONTHS	ACTUAL NO. COPIES OF SINGLE ISSUE PUBLISHED NEAREST TO FILING DATE
A. TOTAL NO. COPIES (Net Press Run)	29,569	31,000
B. PAID CIRCULATION 1. SALES THROUGH DEALERS AND CARRIERS, STREET VENDORS AND COUNTER SALES	1,500	1,500
2. MAIL SUBSCRIPTION	26,712	28,000
C. TOTAL PAID CIRCULATION (Sum of 10B1 and 10B2)	28,212	29,500
D. FREE DISTRIBUTION BY MAIL, CARRIER OR OTHER MEANS SAMPLES, COMPLIMENTARY, AND OTHER FREE COPIES	857	1,000
E. TOTAL DISTRIBUTION (Sum of C and D)	29,069	30,500
F. COPIES NOT DISTRIBUTED 1. OFFICE USE, LEFT OVER, UNACCOUNTED, SPOILED AFTER PRINTING	500	500
2. RETURN FROM NEWS AGENTS	0	0
G. TOTAL (Sum of E, F1 and 2 - should equal net press run shown in A)	29,569	31,000

11. I certify that the statements made by me above are correct and complete. SIGNATURE AND TITLE OF EDITOR, PUBLISHER, BUSINESS MANAGER, OR OWNER: Marilyn Romanyuk, Business Manager

PS Form 3526 July 1981 3526 (See Instruction on reverse) (Page 1)

BOOKS OF LUDWIG von MISES

NOW IN PRINT: WITH ANSWERS TO OUR ECONOMIC PROBLEMS

THE ANTI-CAPITALISTIC MENTALITY

An analysis of the illogical "envy and hatred" of those who blame their own failures on the capitalistic system.

140 pages, paper **$ 6.00** _____

BUREAUCRACY

An explanation of why the inefficiencies of bureaucracy are a necessary corollary of political activities which cannot be limited by market competitions.

138 pages, hardcover **$ 7.00** _____

A CRITIQUE OF INTERVENTIONISM

A translation of some of Mises' writings of the 1920s explaining how political interferences with the market processes always reduce consumers' satisfaction.

164 pages, hardcover **$ 8.95** _____

ECONOMIC POLICY

Published posthumously, 1979, these six lectures are a very readable introduction to the basic economic principles expounded by Mises and their relationship to the primary problems of our times.

115 pages, paper **$ 5.95** _____

EPISTEMOLOGICAL PROBLEMS OF ECONOMICS

A collection of essays that demonstrate the logical legitimacy of economics as a science of human action. This volume provides an insight into Mises' thinking that made possible his many contributions. 1981 reprint.

262 pages, paper **$ 7.00** _____
hardcover **$20.00** _____

HUMAN ACTION

The most rigorously reasoned statement of the case for capitalism. The counterweight of Marx, Keynes and other proponents of government-run economies.

924 pages, hardcover **$37.50** _____

LIBERALISM (formerly, **THE FREE AND PROSPEROUS COMMONWEALTH**)

A translation of Mises' 1927 presentation of 19th century liberalism principles of limiting government to the protection of lives and peace in the market place with private ownership of the means of production and equal justice under law.

225 pages, paper **$ 5.00** _____
hardcover **$15.00** _____

NOTES AND RECOLLECTIONS

A translation of Mises' personal thoughts and experiences in Europe before he fled to the United States in 1940.

198 pages, hardcover **$ 9.95** _____

OMNIPOTENT GOVERNMENT

Written during World War II, an analysis of statism in general and German Nazism in particular.

300 pages, hardcover **$12.00** _____

ON THE MANIPULATION OF MONEY AND CREDIT

A translation of some of Mises' major contributions on money, credit, inflation and the trade cycle.

350 pages, hardcover **$15.00** _____

PLANNING FOR FREEDOM (ENLARGED)

A collection of essays and addresses exploding fallacies of middle-of-the-road approaches to economics, with an unrivaled paper on *Profit and Loss*.

292 pages, paper **$ 6.00** _____

THEORY AND HISTORY

A serious and important contribution on the importance of sound ideas for both history and the future of our civilization.

393 pages, hardcover **$13.00** _____

SOCIALISM

A devastating analysis of the economic basis, moral ethics and alleged inevitability of socialism. In this famous work, Mises reveals the impracticality and impossibility of socialists' dreams. New 1981 edition.

608 pages (plus index) **paper** **$ 5.00** _____
hardcover **$11.00** _____

THE THEORY OF MONEY AND CREDIT

Mises' first major contribution – the application of the "Austrian" subjective theory of value to money, credit and the trade cycle.

413 pages, hardcover (old ed.) **$ 8.00** _____
544 pages, paper (1981 ed.) **$ 5.00** _____
hardcover (1981 ed.) **$11.00** _____

THE ULTIMATE FOUNDATION OF ECONOMIC SCIENCE

A concise presentation of the fundamental principles of a free society and refutation of popular fallacies undermining our tranquillity and prosperity.

165 pages, paper **$ 5.00** _____
hardcover **$15.00** _____

New York residents, please include appropriate sales tax . . . . . _____

ON ALL U.S. ORDERS–
Toward postage and handling **$1.50**
(Foreign postage extra) Re

TOTAL **(U.S. funds)** **$**_____

ORDER FROM:

FMB FREE MARKET BOOKS
P. O. Box 298
Dobbs Ferry, N.Y. 10522

joy to read. He pinpointed the qualities that make Nozick unique and inspiring: his exuberance, his tolerance, his technical brilliance. He seems just as pleased to share his philosophical discoveries with us as we are to be able to read them. That he happens to be libertarian is icing on the cake; the teacher who influenced me most in high school was a socialist, but she showed us all the joy of using one's mind. Perhaps you could persuade Nozick to write a piece for REASON....

Christine M. Dorffi
Menlo Park, CA

UnREASONable Ad?

The full-page ad of Planned Parenthood in your September issue mentions only possible governmental interference with abortion. It does not mention that Planned Parenthood has been a recipient of millions of dollars in federal grants for abortions and other causes which it favors. Nor does it state that Planned Parenthood has become a major propagandist through the public schools against morality as a guide for our youngsters in their sex lives. I fail to see a reason for you to run such an advertisement.

Marshall E. Surratt
Midland, TX

The editors reply: All of us who object to government funding of Planned Parenthood ought to welcome the organization's attempt to solicit voluntary contributions via magazine advertising.

HEALTH &WELFARE

(Continued from p. 62)

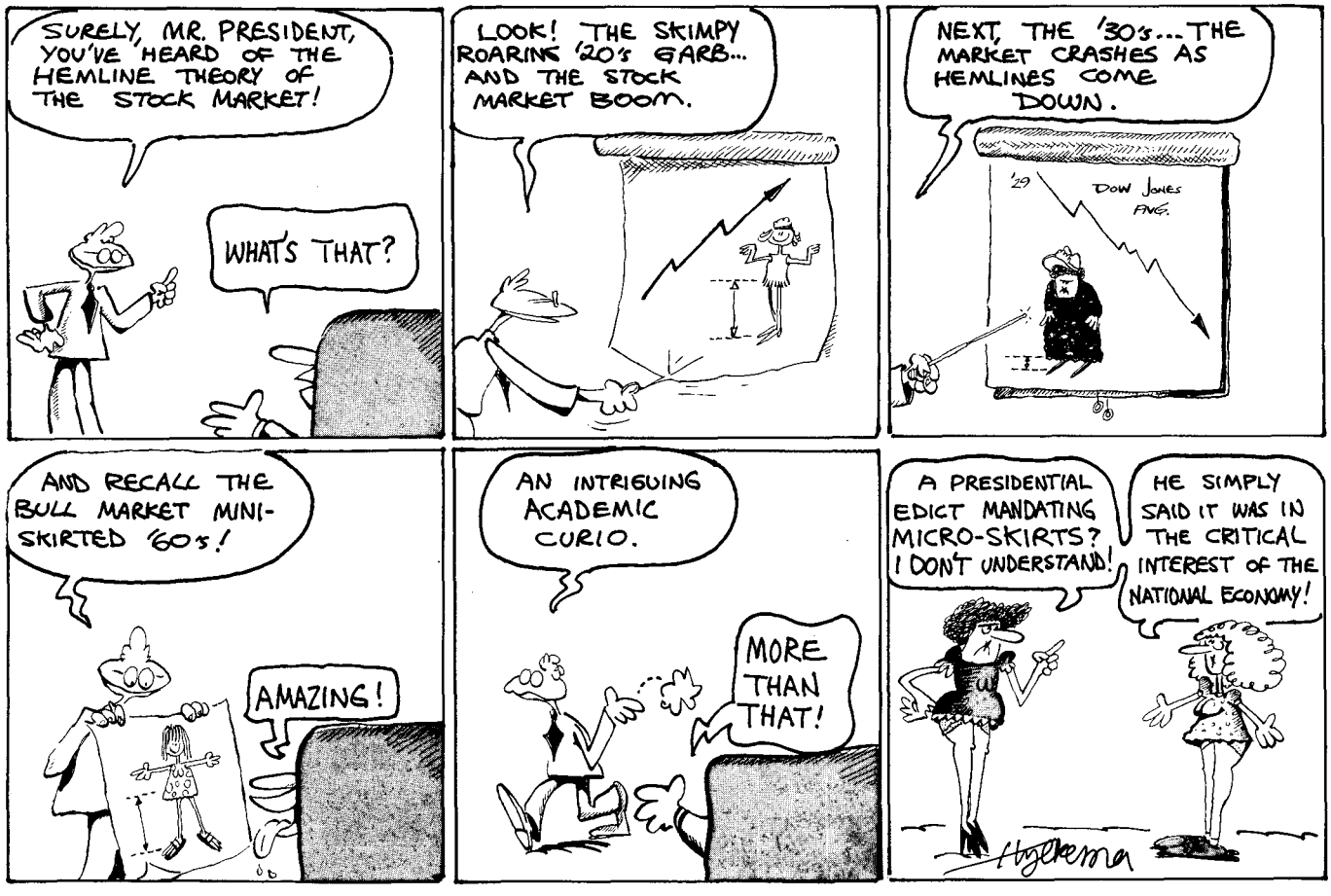
grams a day is typically used, and some physicians there believe 12 milligrams a day is a reasonable dose. Hydergine® is very nontoxic. At the dosages mentioned, nausea and headaches may occasionally occur; these are annoying but not dangerous.

We ourselves use about 20 milligrams a day of the 1-milligram sublingual tablets. These are allowed to dissolve in the mouth (we hold them between our upper lips and gums) and deliver more Hydergine® directly to the brain than the oral tablets do (when taken orally, 20 percent of the Hydergine® is lost in the feces and another 40 percent is destroyed by the liver). Since Hydergine® provides substantial protection to the liver against free-radical-caused alcohol damage, frequent alcohol drinkers should consider using both oral and sublingual forms.

A list of scientific literature on this topic is available through REASON. Send a stamped, self-addressed envelope and ask for H&W references, December.
Durk Pearson and Sandy Shaw are consulting scientists and authors of the current bestseller Life Extension.

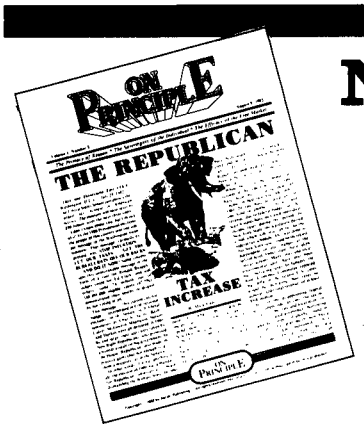
rudebarbs

RANDALL K. HYLKEMA


SURELY, MR. PRESIDENT, YOU'VE HEARD OF THE HEMLINE THEORY OF THE STOCK MARKET!
WHAT'S THAT?
LOOK! THE SKIMPY ROARING '20's GARB... AND THE STOCK MARKET BOOM.
NEXT, THE '30's... THE MARKET CRASHES AS HEMLINES COME DOWN.
'29
DOW JONES AVG.
AND RECALL THE BULL MARKET MINI-SKIRTED '60's!
AMAZING!
AN INTRIGUING ACADEMIC CURIO.
MORE THAN THAT!
A PRESIDENTIAL EDICT MANDATING MICRO-SKIRTS? I DON'T UNDERSTAND!
HE SIMPLY SAID IT WAS IN THE CRITICAL INTEREST OF THE NATIONAL ECONOMY!
Hylkema

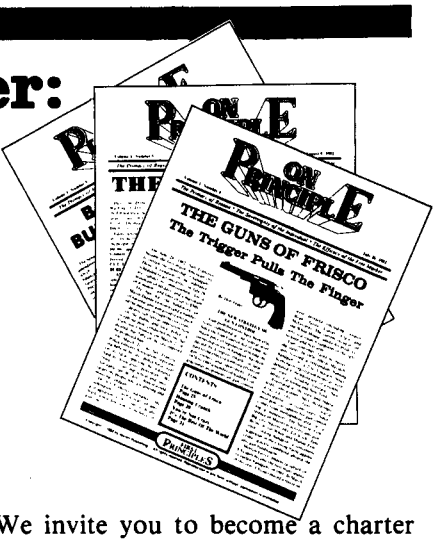
Permission to reprint this cartoon in periodicals is hereby granted, provided it is accompanied by this notice: Reprinted with permission from REASON magazine. Copyright © 1982 by the Reason Foundation, Box 40105, Santa Barbara, CA 93103. $19.50/year.

IS $39 A YEAR TOO MUCH FOR A NEWSLETTER?



Not if that newsletter:

- *Defends reason, individualism and the free market.*
- *Brings you a pro-freedom analysis of the news - while it's still news.*
- *Exposes media bias.*
- *Is published every two weeks (26 times a year).*
- *Is mailed to you first class.*
- *Contains only original writing.*
- *Includes articles which are not only informative - but enjoyable reading.*



On Principle is a bi-weekly publication of news and analysis from a free market perspective. We don't pretend to be unbiased. This newsletter has an unswerving commitment to free enterprise and limited government. We are firmly opposed to subsidies, environmental extremism, anti-industrialism, unrestrained taxation, government-generated inflation, public school indoctrination, leniency toward the criminal class and other aspects of Welfare State Liberalism.

Each article in **On Principle** is meticulously researched, with an abundance of facts and figures. But more, we put each issue into the perspective of the great debate of the twentieth century—Man vs. The Welfare State.

IN FORTHCOMING ISSUES OF On Principle YOU'LL READ...

- *Public Education - promoting illiteracy isn't the worst of its sins.*
- *The New Strategy of Gun Control—the plot to disarm Americans.*
- *The ACLU's hypocrisy - civil libertarians against human rights.*
- *Why the Anti-Tax movement ran out of steam.*

We invite you to become a charter subscriber to **On Principle**. Our charter subscription is only $39 a year, for 26 bi-weekly issues—25% off the regular rate (this just may make **On Principle** your best newsletter buy).

FREE BONUS

With your subscription you'll also receive as a free bonus *Behind The Headlines: 8 Key Stories The Media Ignored* - a collection of essays by our editor, Don Feder, covering such diverse issues as: the foreign aid scandal, the Chrysler rip-off, affirmative action, sex education, how to end the urban reign of terror and Perrier liberalism.

ON PRINCIPLE

P.O. Box 761-R, West Springfield, MA. 01090

MONEY BACK GUARANTEE

If you're not completely satisfied, cancel your subscription any time in the first two months and we'll refund every penny you paid for **On Principle**. Thereafter you may cancel your subscription at any time and we'll return the unused portion of your fee.

Clip and mail

YES! I want a charter subscription to **On Principle**
☐ Enclosed is my check for **$39**, for 26 **bi-weekly** issues - a **25% discount** off the regular price.
Rush me my **free** copy of **Behind The Headlines**
Charge to ☐ VISA ☐ Mastercharge

Card No._____ Expiration Date_____

Signature (if credit card)_____

Name_____

Address_____

City _____ State _____ Zip_____

On Principle P.O. Box 761-R, West Springfield, MA. 01090

LICENSED TO UNZ.ORG

CLASSIFIED

BOOKS

HOW TO SURVIVE without a salary. Coping in today's inflationary times by learning how to live the conserver lifestyle. 232-page book. $10.95. More details, 25¢. Eden Press, 11623 Slater, Box 8410-RS, Fountain Valley, CA 92708.

MARTIN GARDNER calls *The UFO Verdict* by Robert Sheaffer "wise, witty" and "utterly convincing." Find out why. Autographed copies $3 below list, $14 postpaid. REASON, Box RS.

SCHOLARLY BOOKLET conclusively proves Flavius Josephus created Jesus, Gospels. $3.00—Vector, Box 6215-Y, Bellevue, WA 98007.

UNUSUAL BOOKS. Fake ID, locksmithing, investigative methods, self-defense, undercover operations, survival, police manuals, black market, disappearing, guerrilla war, living free, crime, bugging, spying, shadowing, sabotage, hiding contraband, food storage, much more! Over 500 titles in huge illustrated catalog. $2.00. Loompanics, Box 1197, Port Townsend, WA 98368.

PUBLISH YOUR BOOK! Join our successful authors. Publicity, advertising, beautiful books. All subjects invited. Send for fact-filled booklet and free manuscript report. Carlton Press, Dept. REL, 84 Fifth Ave., New York, NY 10011.

AUTHORS—ADVERTISE your manuscript's availability to 2,000 publishers/agents in *Writer's Showcase.* Details—$1. Literary Service Bureau, Box 5391, Washington, DC 20912.

ANSWER STATIST ARGUMENTS with philosophical rigor. Read *The Libertarian Reader,* a new collection of essays by Ludwig von Mises, F.A. Hayek, Thomas Szasz, Eric Mack, Milton Friedman, John Hospers, and others, edited by REASON Senior Editor Tibor R. Machan. Reviewed in this issue by philosopher John O. Nelson—see page 51. Large-format quality paperback edition, $12.50 postpaid from the Reason Foundation, 1018 Garden Street, Santa Barbara, CA 93101. (Calif. residents add 6% sales tax.)

BUSINESS OPPORTUNITIES

MAKE HOMEMADE BOOKLETS. I've earned $187,000 with mine. Money never stops. Free information: Twill, Box 548, Woodville, TX 75979.

EDUCATION

HIGH PRESTIGE DEGREES by mail. Accredited. USUA, Wisconsin Ave., Box 9715, Washington, DC 20016.

U.S. UNIVERSITY of America seeks contributions for needy student's education. Box 9715, Washington, DC 20016.

FINANCIAL

COMMODITIES—INTERESTED IN TAKING calculated risk to achieve enormous profit potential? Call for information about our programs for the small investor which include disciplined technical and fundamental trading methods. E. Paul Pensyl, First Commodity Corp. of Boston, 1-800/225-6286, 1-617/292-6500.

OIL AND GAS INVESTMENTS appraised. Consulting petroleum geologist. David Fontaine, 2801 Walnut Bend Ln., Ste. 26, Houston, TX 77042; 713/783-0020.

ORGANIZATIONS

LOVE SF? NEW IDEAS? Join Libertarian Futurist Society. Sample newsletter. *Legalize Freedom* bumperstickers. *Question Authority* buttons. 3/$2; 10/$5; 30/$12. Box 14181-A, Austin, TX 78761.

PERSONALS

VILLA VEGETERIANA holistic health retreat, Box 1228, Cuernavaca, Mexico. Tel: 3-10-44. Free brochure and travel directions. Investigate!

FOR THE INDIVIDUAL? For productivity? Life-saving, health-giving, happiness-producing information system faces extinction. Needs angel. Please send inquiry and phone number: The Sage, P.O. Box 333, Monticello, IL 61856.

YOUR WORK is your life. You've done well. You're a man of integrity. You long for a like mind to celebrate life with, longterm. Beverly, P.O. Box 128, Newbury Park, CA 91320.

PHOENIX, ARIZONA, MAN, in fundamental agreement with the philosophy of Ayn Rand, desires to meet like-minded people for friendship and conversation. Contact Robert Markley, 1128 East Indian School Rd., Phoenix, AZ 85014; 602/279-7934.

PRODUCTS

NEGATIVE ION GENERATORS for clean, mountain-fresh air in your home, office, or car. Write for free buyers guide. Fresh Air Products, Box 42555RE, Los Angeles, CA 90042.

AYN RAND'S *Objectivist Ethics* permanently recorded in gleaming brass, on quality 13"x 10" wood base with built-in easel. $24.95 check or money order plus $2.00 shipping and handling, to Brilliance in Brass, P.O. Box 26896, San Diego, CA 92126. Cal. residents add 6 percent. Or, send $1.00 to receive brochure showing other plaques available starting mid-October 1982.

COMPUTER GENERATED BIORHYTHM charts. Twelve 1-month personalized charts showing physical, emotional, and intellectual cycles for every day of 1983. Makes great Christmas gift. Price, $10 postpaid. Send name and birthday including year to Hillcrest Computing, 38 Hillcrest Dr., AO, Macungie, PA 18062.

THE BENEFITS AND HAZARDS of the Philosophy of Ayn Rand: A Personal Statement. 90-minute cassette by Dr. Nathaniel Branden. Send $14.95 + $2 shipping (in California add 97¢ tax) to Biocentric Institute, Dept. R, P.O. Box 4009, Beverly Hills, CA 90213.

BEST PRICES ON TRS 80 computers and Radio Shack products. Charles Blackwell, 30 N. Congress, York, SC 29745; 803/684-9980.

PUBLICATIONS

FREEDOM *IS* worth defending! Unilateral disarmament = slavery! Subscribe to *American Defense.* $10.00 per year. Libertarian Defense Caucus, P.O. Box 1064, Colton, CA 92324.

LIBERTARIAN? POLITICAL? Read *Update,* the definitive newsletter of the libertarian movement. News, events, opinions. Twelve pages monthly by first-class mail. Send $12.00 for one year sub. to Update, Dept. R, 1320 G St., SE, Washington, DC 20003.

WANTED: WRITERS from philosophy, physics, computer science, etc., for a new publication devoted to fundamental ideas of freedom and philosophy. I am looking for people who will be the Rands and Nozicks of tomorrow. Low rates; minimal glory. Interested? Send $1.00 for Writer's/Subscriber's Guide to *The Free Philosopher Qtrly.,* P.O. Box 103, W. Carrollton, OH 45449.

"136 BIBLICAL CONTRADICTIONS," "49+ Biblical Absurdities," unique booklist, more! $3.00, Crusade Publications, Dept. R, Box 200, Redmond, WA 98052.

BEYOND MONOGAMY, the open relationships publication. Intriguing alternatives to secret affairs and swinging. $9/yr; sample, $2. Box 6877-RE, Denver, CO 80206.

REAL ESTATE

SURVIVAL RETREATS—120- to 500-acre parcels in Mendocino County, No. California. $750 per acre and up. Seclusion, abundant spring water, firewood, and garden sites. Write or call for free brochure of retreats and other properties. Libertarian Broker, Strider Real Estate, P.O. Box 554-R, Laytonville, CA 95454. 707/984-6644.

SERVICES

FICTION CONSULTANT. John D. McCall, 2227 20th St. N.W., #402, Washington, DC 20009.

IN DEBT? Facing foreclosure? Legally void bank loans on valuable consideration v. paper money. Keep your property free and clear. Proven. $15.00 cash/m.o. Crystal Industries, Box 20280-r, Reno, NV 89515.

HOW TO MEET your favorite celebrity. "Fans n' Friends" Club, Box 1436, Crystal River, FL 32629.

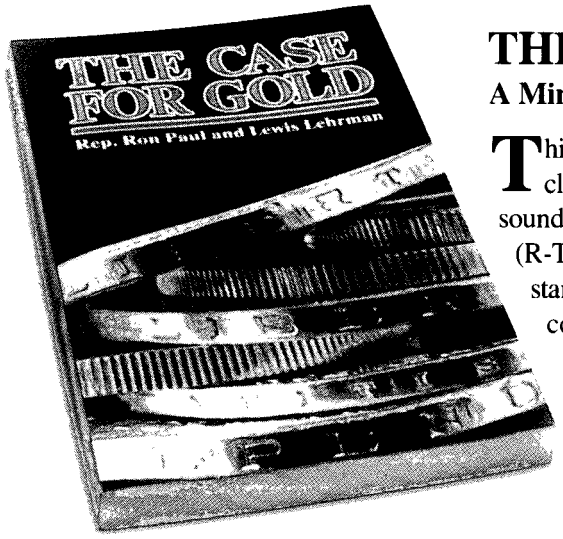
PASSPORTS, DUAL CITIZENSHIPS available from Castellania (est. 1974). Application and information package, $5. Furstentum Castellania, Box 40201, Pasadena, CA 91104.

RATES: 50 cents per word, $7.50 minimum. Telephone numbers count as one word; box numbers count as two words. Add $1.50 per insertion for REASON box number. *Payment must accompany all orders.* Copy must be received by the first day of the month two months prior to issue date (e.g., advertising for the March issue, which is mailed in February, should reach us by January 1). Check or money order should be made payable to REASON and sent to REASON Classified, Box 40105, Santa Barbara, CA 93103.

THE CLASSIFIED AD DEADLINE FOR THE FEBRUARY ISSUE IS DECEMBER 1.

"INDISPENSABLE!"

—James U. Blanchard, III, National Committee for Monetary Reform



THE CASE FOR GOLD:

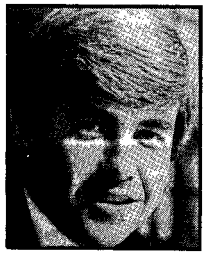
A Minority Report of the U.S. Gold Commission

This important, authoritative new book is sure to become an instant classic for everyone interested in gold—whether as a means of restoring sound money to the U.S. economy or as an investment. Authors Ron Paul (R-Tex.) and Lewis Lehrman present a powerful case for a monetary gold standard. They document the historical role gold has played and lay out a cogent, reasonable plan for returning this precious metal to its proper, crucial place in today's monetary system. This is the first government-sponsored study of the appropriateness of a gold standard in more than 100 years. When the U.S. does return to gold, THE CASE FOR GOLD will point the way.

c. 270 pages $8.95

"The Cato Institute is to be commended for presenting the gold issue to the public in so well-reasoned and professional a manner."

— James Dines
The Dines Letter



"This excellent study demonstrates why gold is the only honest monetary standard."

—Rep. Jack Kemp

"A fascinating book that carefully and thoroughly explores why gold is essential to a sound currency."

— Martin Anderson
Former Assistant to the President for Domestic Policy

"The Cato Institute has done a great service in publishing this historic report. The recommendations in this book may well be the basis of a fundamental monetary reform based on gold. If you want to know what's going to happen in the future, read "The Case for Gold."

—James U. Blanchard, III
Chairman, NCMR

Lewis Lehrman ***Ron Paul***

"It is no exaggeration to say that the survival of Western civilization in general, and America in particular, is at stake in the struggle over standards of value."

—From the Foreword

ORDER FORM

Please send me ____copies of *THE CASE FOR GOLD* at $8.95 each. (40% discount on orders of 5 or more copies.)

☐ Enclosed is my check for $_____ payable to the Cato Institute.
☐ Bill my ☐ VISA ☐ MASTERCARD

ACCOUNT # _____ EXPIRES _____

SIGNATURE _____

☐ Please send me the Cato Publications Catalogue.

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Cato Institute • 224 Second Street, SE • Washington, D.C. 20003 • 202-546-0200

Radar Intuition

Your stereo will demonstrate this radar detector's unusual abilities.

What Could Be Better Than Unbelievable Range?

By now, you've probably heard some tall sounding stories about how far away the ESCORT® radar warning receiver picks up radar traps. You know, the ones where they talk in miles instead of car lengths. The stories go on to say that ESCORT's superheterodyne receiving circuits provide as much X and K-band warning as you can possibly use, and then some. If you've never used an ESCORT, they may seem pretty far fetched, but most of them are true. Over hills, around corners, and from behind.

Car 54 Where Are You?

Maximum detection range is wonderful, but it's far from the whole story. In some ways, radar detectors are like smoke alarms; you want to make sure that you don't miss anything, but you don't want a lot of false alarms. ESCORT won't disappoint you. Beyond that, when a smoke alarm sounds off, the most pressing thing on your mind is: Where is the fire? Is it ahead of you, behind you, above you, or below you? In the same room, or at the other end of the house? Your senses can help you find fire, but, on the highway, you can't feel or smell radar. ESCORT is your sixth sense.

Hearing Is Believing

ESCORT reports its findings straight to your ears in a way no other detector can match. Its vocabulary includes a Geiger-counter-like pulsating rhythm that relates radar intensity in a smooth, natural, and intuitive manner, making it easy to sense the distance to radar. It can tell you if radar is ahead of you, behind you, or even traveling along with you in traffic. ESCORT also speaks different languages for each radar band. Since the two bands behave differently, the distinctive tonal differences eliminate surprises. You'll even be able to tell "beam interrupter," "trigger," or "instant-on" type radars from other signals just by the sounds they make. Ditto for radar burglar alarms and door openers. ESCORT has a lot to say, and we've developed a new way for you to get acquainted quickly.

Play It, Sam

ESCORT's instruction book contains a wealth of information. Actually, it's the ESCORT user's Bible. But, the quickest way to become fluent in ESCORT's language is to play the Radar Disc on your stereo turntable. You'll hear firsthand how to interpret what ESCORT tells you in a number of situations. We now include this special Disc with every ESCORT so you can take a test drive as soon as you open the box.

No Stone Unturned

The ESCORT Radar Disc is the latest addition to a long list of standard features. We don't scrimp on anything. Here they are: ■ Patented Digital Signal Processor ■ Different Audio Alerts for X or K Band Radar ■ Varactor-Tuned Gunn Oscillator tunes out false alarms ■ Alert Lamp dims photoelectrically after dark ■ 1/64 Second Response Time covers all radar ■ City/Highway Switch filters out distractions ■ Audio Pulse Rate accurately relates radar intensity ■ Fully Adjustable Audio Volume ■ Softly Illuminated Signal Strength Meter ■ L.E.D. Power-On Indicator ■ Sturdy Extruded Aluminum Housing ■ Inconspicuous size (1.5H x 5.25W x 5D) ■ Power Cord Quick-Disconnect from back of unit ■ Convenient Visor Clip or Hook and Loop Mounting ■ Protective Molded Carrying Case ■ Handy Cigar Lighter Power Connection ■ Spare Fuse and Alert Lamp Bulb.

New!
33⅓ RPM Radar Disc

What The Critics Say

Car and Driver: . . . "Ranked according to performance, the ESCORT is first choice . . . it looks like precision equipment, has a convenient visor mount, and has the most informative warning system of any unit on the market . . . the ESCORT boasts the most careful and clever planning, the most pleasing packaging, and the most solid construction of the lot."

BMWCCA Roundel: . . . "The ESCORT is a highly sophisticated and sensitive detector that has been steadily improved over the years without changing those features that made it a success in the first place . . . In terms of what all it does, nothing else comes close."

Playboy: . . . "ESCORT radar detectors . . . (are) generally acknowledged to be the finest, most sensitive, most uncompromising effort at high technology in the field."

Autoweek: . . . "For the third straight year, no manufacturer has bettered the ESCORT's sensitivity . . . the consistent quality is remarkable."

Made In Cincinnati

If you want the best, there's only one way to get an ESCORT. Factory direct. Knowledgeable support and professional service are only a phone call or parcel delivery away. We mean business. In fact, after you open the box, play the Radar Disc, and install your ESCORT, we'll give you 30 days to test it yourself at no risk. If you're not absolutely satisfied, we'll refund your purchase as well as pay for your postage costs to return it. We also back ESCORT with a full one year limited warranty on both parts and labor. So let ESCORT change radar for you forever. Order today.

Do It Today

Just send the following to the address below:

- ☐ Your name and complete street address.
- ☐ How many ESCORTs you want.
- ☐ Any special shipping instructions.
- ☐ Your daytime telephone number.
- ☐ A check or money order.

VISA MasterCard

Credit card buyers may substitute their card number and expiration date for the check. Or call us toll free and save the trip to the mail box.

CALL TOLL FREE. . . . 800-543-1608
IN OHIO CALL. 800-582-2696

ESCORT (Includes Everything). . . . **$245.00**
Ohio residents add $13.48 sales tax.

Extra Speedy Delivery

If you order with a bank check, money order, credit card, or wire transfer, your order is processed for shipping immediately. Personal or company checks require an additional 18 days.

ESCORT®
RADAR WARNING RECEIVER

☐ Cincinnati Microwave
Department 1413
One Microwave Plaza
Cincinnati, Ohio 45242